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Mich. Agents Take Very Dim View Of HO Changes

Bulletin To Companies Notes $5 Cost To Effect $2.50 Premium Savings

A bulletin of Michigan Assn. of Insurance Agents dated Aug. 28 and entitled "A Frank Statement to Our Principals, the Companies," is highly critical of the revision in homeowners manual pages and rates that becomes effective Sept. 5.

The bulletin says:

"On Aug. 10 the department of insurance announced to the public, front page coverage, 'more than a million dollars savings . . .'

"On Aug. 11, people wanted their money back from hapless agents.

"On Aug. 21, agents received manual changes effective Sept. 5.

"On Aug. 25 we completed a hurried check with good agents and found—(a) the average annual premium is less than $50, (b) the premium savings less than $2.50.

"Previous authoritative studies show the cost of an endorsement $5 to $8.

"Conclusions:

"I. Serious agency survival question as to the wisdom of crediting a premium at a net loss twice greater than the credit.

"II. Compared with liberalization clause accommodations for increases in coverage, these entire revised manual pages add tremendous costly burdens to agent and company alike.

"III. Not to be overlooked is the increased hostility evidenced by mortgage agencies at a time when the demand for substitution fees seems to be diminishing.

"IV. A substantial volume of 'old' homeowners contracts are still in force because of certain additional charges applicable under the 'new' program.

"V. Irrespective of what motivated this rate reduction, the public interest is not better served when (a) those who perform the services in your behalf are ignored in such a demonstration as this, and (b) the efficiency of the independent agency system is put in jeopardy because of a lack of close liaison with you, and is required to do this sort of a job in an era of expense consciousness."

N. C. Auto Liability Rates Increased 18.7%

Commissioner Gold of North Carolina has approved an 18.7% increase in private passenger auto liability rates, effective Sept. 1. This is the full increase sought by North Carolina Automobile Rate Administrative Office. Last February Mr. Gold granted a 6.3% rate rise, paring it from a requested 9.5%.

Mr. Gold pointed out that his latest approval will be partially offset for some drivers by the state's safe driver plan which is also effective Sept. 1.

Monopoly Unit Calls For Action vs Some Practices

WASHINGTON—The second report of the Senate anti-trust and monopoly subcommittee on the insurance business has been approved by the Senate judiciary committee. In presenting the report, Sen. Kefauver, chairman of the subcommittee, said that group had recommended to the Department of Justice that it institute proceedings to eliminate conflicts which now exist between certain state rating laws and public law 15.

The McCarran act does not justify the acts of states in compelling all insurers to be members of rating bureaus or requiring that all rates be uniform by legislative fiat, Kefauver declared. In either case, rate competition is effectively nullified, resulting in a conflict with the purposes of the McCarran act and the spirit of the federal anti-trust laws.

Kefauver noted that the record of the subcommittee clearly demonstrated the existence of a nationwide conspiracy to oppose the major competitive activities of independent companies in the fire insurance field. The subcommittee concludes that these efforts to curb competition through a special committee of National Board, the so-called North committee, not only went unchallenged by the states but virtually unnoticed.

The subcommittee criticizes the "dangerous interlocking relationship between the dominant companies in the industry, the advisory organizations and local rating bureaus. This relationship has resulted in control of the rate making process by this small group of companies. It expressed fear that consolidation of regional advisory organizations into Inter-Regional Insurance Conference may mean ultimate elimination of regional influence on rates and concentration of power over rates in the one organization operating out of John Street.

The report calls for elimination of mandatory bureau membership and uniform rates, it urges file and use laws, no competitor should be considered an aggrieved person, independence of action should be encouraged, and advisory organizations should be carefully supervised.

Though the subcommittee reasserts its belief in state regulation, it is generally critical of the shortcomings of such control. It also suggests that there is little regulation of foreign insurers by the states and that federal legislation may be needed in this field. The subcommittee will, according to the report, inquire further into the operation of foreign insurers in this country. Sen. Dodd of Connecticut has been appointed to preside over these hearings, when they begin.

Jay C. Wickler has become manager of the fire and marine department of Pacific Insurance Agency of San Diego. He formerly was manager at Los Angeles for Great American.

Consumer Group To Survey Auto Cover

Consumers Union of Mount Vernon, N. Y., has launched a six month inquiry into automobile insurance. It will tell its subscribers over the country answers to such questions as how to get more for the automobile insurance dollar, what kinds of coverage to buy and how much of each, whether any companies offer "best buys," from what agency should the consumer buy, what pitfalls should he watch out for, and is it wise to buy by mail.

Findings will be published in a series of articles appearing in the Consumer Union Reports early in 1962.

The survey will also cover cancellation problems, assigned risk plans, claim adjustments, and litigation growing out of claims. It will review proposals for compulsory, liability without fault, group buying of auto coverage, and "the remarkable system under which one Canadian province provides auto liability insurance with every automobile license."

Hebble Elected Secretary Of Buckeye Union Casualty

Charles M. Hebble, resident vice-president of Buckeye Union Casualty and Buckeye Union Fire at Cincinnati, has been elected secretary of the casualty company and is moving to the home office.

After a short period in the automobile department in the home office of Buckeye Union Casualty. Mr. Hebble spent a number of years with the Thomas E. Hanlon general agency in Cincinnati before returning to the Buckeye Union group as Cincinnati manager in 1944. He was made resident vice-president in 1950. His father, the late C. R. Hebble, was the first editor of the Fire, Casualty & Surety Bulletins of the National Underwriter Co. and his brother Howard operates an agency in Cincinnati.

Expect Rise In Risks Going Into The Open Market

Rate Cuts On Sizable Properties Will Result In Placement Changes

By KENNETH O. FORCE

With 25% rate cuts on public, institutional, and commercial properties for more and broader coverages, some observers believe that a good many risks of average or poorer quality are going to be forced into the surplus-excess-substandard market at surcharged rates. Companies are being extremely selective about writing the broader coverages on large risks at so substantial a discount.

One large group, foreseeing a loss of big premiums as it becomes more selective, which it feels it must, is planning to create a surplus facility to pick up premiums on risks forced out of the regular market. These risks will be written at judgment rates, higher of course than manual.

Excess Market Develops

At the same time a substantial excess market is developing in the U.S. At least two new facultative pools of substantial size recently have been organized with a number of companies. Several individual companies have formed excess and surplus divisions.

A substantial American excess market is growing up. One group of 30 or 40 insurers has been putting together large amounts of troublesome coverage in much the same way that business is transacted at London Lloyd's. Recently this admitted market worked up $20 million of insurance for a very large, complex risk with catastrophe

(CONTINUED ON PAGE 25)

H. M. Mountain, left, president Aetna Fire, introduces the company's "Win More" production campaign. With Mr. Mountain, from left, are three production vice-presidents: F. D. Watkins, southern department; Richard M. Hooker, middle department, and Ashby E. Bladen, New York City. The multi-line sales incentive campaign for Aetna Fire producers will run from Sept. 11 to Oct. 14 and is built around a baseball theme. Top prize is a trip to Rome and Paris (or Hawaii), or a $2,000 college tuition fund.

Facultative Fire Reinsurance: Its History, Need, And Availability

By WILLIAM P. BARRETT

(Mr. Barrett, who is with Albert Willcox & Co. of New York, reinsurance intermediaries, won the 1961 Anglo-American fellowship of Insurance Society of New York with the following discussion of facultative fire reinsurance. The fellowship was established by Agency Managers Ltd., New York, of which Ben D. Cooke is president. This is Part I of Mr. Barrett's study. The second will appear in an early issue.)

This is a history of the development of admitted facultative fire reinsurance in the U.S. It reviews the trends, economic and otherwise, that in the past affected the availability of facultative placement facilities. It has been prepared in the hope that it will be of some assistance to those engaged in the transaction of facultative reinsurance in recognizing the indicators that directly influence the availability of a facultative reinsurance market. In this way, perhaps steps can be taken by such individuals to assure a stabilized facility for the assumption of placement in the future.

Facultative reinsurance is the practice between insurers whereby a ceding company offers special or individual risks that it decides to reinsure to a proposed reinsurer which has the free choice to accept part or all or reject part or all of the risks offered.

Was 'Specific Reinsurance'

Prior to World War I, facultative reinsurance was known as specific reinsurance, and the latter was defined as allowing the ceding company the "faculty" to cede or not cede, and also allowing the reinsurer the "faculty" to accept or decline. Through usage, the reference to the word faculty evolved into our present day term facultative. Specific reinsurance is the original and basic form of reinsurance.

The earliest company successfully launched for fire insurance in America was the Philadelphia Contributionship, established in 1752. A pamphlet issued in 1914 by this company stated that "most companies would not issue a policy over £1,500." Thus, it is clear that the intentions of pioneering insurance companies in America was not to accept on any one fire risk more than could be retained for net account, and under such a system fire reinsurance would be, at least at the outset, unnecessary. Little, if indeed any, faculative fire reinsurance was transacted before the beginning of the 19th century.

Until 1776 America was a British colony. In 1746 by statute the practice of reinsurance was forbidden and became unlawful. Even after the American Revolution, practices governing commerce continued to be guided by precedents established under English rule. Thus since this law was not repealed in England until 1864, it seems a fair assumption that at least for that period immediately following the Revolution, reinsurance continued to be considered unlawful.

Effect Of Embargo Act

It was not until Congress passed the embargo act of 1807, which stimulated the industrial development of the U.S., that any major need arose for fire insurance, facultative or otherwise. Prior to that time, our prime commercial engagements were trade and shipbuilding.

Conversely, there is much to substantiate that a good deal of facultative fire reinsurance was conducted in

(CONTINUED ON PAGE 22)

Ohio Governor Vetoes Self-Insuring Plan For Municipalities

Ohio Gov. DiSalle has vetoed a bill which have allowed municipalities to insure their own workmen's compensation claims.

Gov. DiSalle said the measure would have been "dangerous" to the state's workmen's compensation fund. Although it presumably would have helped larger cities, he noted, it would in effect be "punitive as far as the smaller political subdivisions of Ohio are concerned."

The state workmen's compensation advisory council, he said, had found the act not to be in the best interests of a sound administration of the fund.

The governor said the passage of the bill would raise a problem with reference to the future of those claimants who are now drawing compensation as permanent partially disabled and totally disabled. Benefits are to be paid to those claimants during future years. The cities that will choose to become self-insurers will neither be affected nor interested in the cost which will fall on the remaining communities in the fund.

The council earlier indicated that if Cleveland, Cincinnati, Akron, Dayton and Toledo chose to become self-insurers, more than one-half of the payroll of Ohio municipalities would be removed from the calculation of the workmen's compensation rates, and the immediate effect would be a 24% increase in premium costs to the remaining cities.

Schroeder Added to NAIA Advertising Committee

Jack C. Schroeder of Chico Cal., has been appointed a member of the 1962 advertising committee of National Assn. of Insurance Agents. The committee, of which Eben Learned Jr. of Norwich, Conn., is chairman, is comprised of Gordon L. Hewitt, Dorset, Minn; Robert R. Lawrence, Dayton, O.; Robert Ross Jr., Fort Lauderdale, Mr. Schroeder; and Joe E. Vincent, Bryan, Tex., the 1961 chairman.

Mr. Schroeder is president and state national director of the California association.

St. Paul F.&M. will conduct its 5th biennial engineering-audit department conference at the home office Sept. 18-22. Supervisors and others from the branch and field offices will be in attendance.

Minnesota Agents Ready Rochester Annual, Sept. 13-15

With a convention theme of "New Horizons," Minnesota Assn. of Insurance Agents will hold its annual meeting at Rochester, Sept. 13-15, at the Kahler Hotel.

Four speakers highlight the first afternoon's program: C. N. Mullican, vice-president western department Fireman's Fund, "Brave New Frontiers;" Art Dannecker, director of advertising and public relations Ohio Farmers companies, "Your Corporate Image;" H. W. Mullins, Rockford, Ill., "An Agent's Viewpoint to Progress," and Carl L. Obermann, Ottumwa, Ia., "More Power Through Agency Merger."

Thursday's program opens with the traditional farm insurance breakfast followed by a report on "Automation for the One Man Agency Too" by Kenneth Stultz, Waterloo, Ia. Successful ideas and suggestions for agency operation will be provided by four MAIA agents on a panel entitled "How I Increased My Business with Package Policies." S. H. Warner, executive committee member National Assn. of Insurance Agents, will discuss "Improving the Agents' Picture."

Friday will feature an "Insurance Agents Workshop Seminar" presented by Adams Institute of Marketing—a full day workshop, interrupted only by a luncheon message from Minnesota Commissioner Magnusson: "Monuments of Progress."

New Regulatory Laws For Mutuals In Pa.

A series of bills revising the regulation of mutual fire and casualty insurers have been signed into law in Pennsylvania.

Two measures provide for licensing of agents of domestic mutual fire insurers. They contain a grandfather clause which provides that any agent of a domestic mutual fire company, who is acting as such on the effective date of the acts, shall not be required to take an examination. Also, agents of domestic mutual fire insurers writing only fire and allied lines (exclusive of insurance on automobiles) need not take an examination. The acts are effective Oct. 23.

One new law requires domestic mutual fire companies to get approval of policies, contracts or certificates of insurance from the insurance commissioner prior to use. This is effective Sept. 30, 1962.

Another act requires all insurers to use the standard fire policy. This formerly did not apply to mutuals. Compliance is mandatory by Jan 1, 1963.

Effective Sept. 1, domestic mutual fire companies become subject to the rate regulatory act of 1947. This act also provides that domestic mutual fire companies maintain a uniform classification of accounts and records.

Another new law requires that domestic mutual fire companies issuing policies with a cash premium in advance to maintain full unearned premium reserves effective Dec. 31.

In New York Lumbermens Mutual Casualty and American Motorists now are using a maximum term of five years instead of three for boiler and machinery by applying a factor of 1.625 to the three year premium. The 40-30-30 installment rule has been revised to equal annual installments with a charge of 2% of premium.

Mr. Za . . . and his masterpieces of coverage

Z-A's MERITmatic® auto, MERITmatic HOMEOWNERS† and Health policies are indeed masterpieces of coverage for the client... and masterpieces for the Insureman, too. Agents own *all* renewals with Z-A, you know.

Commission checks on both new and renewal business go racing out to agents monthly . . . save bookkeeping . . . let agent spend his time selling . . . where the money is!

Clients get more desired coverages with Z-A's policies, and at such reasonable prices that renewals are fantastic! You'd have to have proof to believe it. Want proof? Ask us. We have it. Delighted to give it to you.

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†Not yet available in all states.

New Facility For Commercial Risks

The new fire pool for writing large, preferred risks, which has been set up by eight mutual insurers, will write up to $300,000 on any one risk. The risk is shared for amounts ranging from $25,000 to $50,000 per company. The pool has a separate reinsurance 10-line first surplus contract which will permit it to insure $3 million additional. In addition, it has facultative arrangements which will enable it to take up to $1 million more on any one risk.

Devco Mutual Assn., so called because the companies in it will write risks at deviated rates rather than at manual rates with dividends, has its headquarters at Media, Pa. The governing committee is composed of Arthur A. Alderfer, president Harleysville Mutual group, chairman, and Henry Gibbel, vice-president Lititz Mutual; R. E. Little, fire underwriting supervisor Meridian Mutual; William Marquess, vice-president Harford Mutual; Donald Montgomery, executive vice-president Celina Mutual; John Stehling, fire manager of Shelby Mutual; Norman Trebilcock, vice-president Badger Mutual, and Edwin Warfield, vice-president Pennsylvania Threshermen & Farmers Mutual.

Preferred Risks

The pool will write principally preferred risks, with construction 70% or more of masonry, fire resistive, or sprinklered. In general the risk must classify as protected. However, certain risks such as banks, schools, hospitals, office buildings and telephone exchanges may be written up to $1 million per building. Coinsurance is mandatory except for certain unprotected risks that carry 80% to value. Practically every class of commercial risk—industrial, mercantile, or institutional—is on the eligible list.

For the present, Devco will operate in Delaware, District of Columbia, Maryland, New Jersey, North Carolina, Ohio, Pennsylvania, Virginia, and West Virginia.

Gains Recorded By Stuyvesant At Half

Stuyvesant and Southern General, principal fire and casualty members of Stuyvesant group, showed gains in the first six months of 1961.

Stuyvesant's net pre-tax gain from operations rose to $528,543 compared with $520,188 at the midway point last year, Southern General reported net pre-tax gain from operations of $229,669 compared with a loss of $136,462 for the first half of 1960.

Earned Premiums Up 50%

Stuyvesant earned premiums for the period jumped 52.5% from $13,830,183 in 1960 to $21,862,378 in 1961. Southern General's earned premiums increased 191% from $1,334,644 to $3,889,453. Both companies reported drops in loss ratios: Stuyvesant from 60.03 for the first half of 1960 to 57.94 in the 1961 period, and Southern General from 63.1 a year ago to 57.9.

Southern General's operating expenses dropped from 53.7% of written premiums in the first six months of 1960 to 33.8% in the like period of 1961.

W. B. Elcock Named President Of Olympic

W. B. Elcock Jr. has been elected president of Olympic of Los Angeles. He joined the company last year as vice-president and manager. He formerly had been president of Southern General of Atlanta.

W. B. Elcock Jr.

Mr. Elcock entered insurance in Atlanta in 1947 as secretary of Progressive Fire, which later merged with Southern General. He was elected vice-president and secretary in 1951 and president in 1956.

Changes At Ruff & Grotefeld

Leroy A. Swanson and Evar Christell have joined the Chicago insurance law firm of Ruff & Grotefeld, and James F. Whitfield has been elevated to partner.

Mr. Swanson, who has been vice-president of Middle West Service Co., has a civil engineering degree from Oregon State College and is a certified public accountant. He will specialize in fidelity and bond losses, fire losses and business interruption losses.

Mr. Christell is an experienced trial lawyer. From 1948 through 1951, he was with Lumbermens Mutual Casualty as an adjuster and home office claims examiner. For the following three years he was with General Fire & Casualty as staff attorney, and more recently he has had his own practice.

Gets Reduced Rate, Too

No Signature, Coinsurance Endorsement Void, Court Holds; Insured Paid In Full

Insurance men in Michigan have been interested in a decision of circuit court of Wayne County (Detroit) that holds the coinsurance endorsement on a fire policy to be void because it was not signed by an officer of the insurance company or an authorized agent, even though the insured was allowed a reduction in premium by reason of having agreed to accept coinsurance. The decision was handed down in June and, so far as is known, no appeal has been taken.

The case is Auto City Candy Co. vs U.S.F.&G. Neither party disputed the facts, and the court ruled only on whether the statute requiring all coinsurance rider clauses to be signed by an officer of the insurer or its authorized agent is mandatory, and whether insured, having accepted the benefit of a lesser premium by virtue of a void coinsurance clause, was estopped or had waived his rights under the mandatory statute.

Auto City Candy sought $45,000 plus interest at 5% annually from March 24, 1960. U.S.F.&G. objected to a judgment in excess of $24,631.

Coverage Increased

In August, 1957, U.S.F.&G. delivered a $35,000 contents fire policy to Auto City Candy for a premium over the term of the policy of $1,852. Later on, by endorsement and for a premium increase of $352, coverage was increased to $45,000. At the same time, a separate endorsement providing for 100% coinsurance was attached to the policy. By reason of taking coinsurance, insured obtained a return premium of $64, and the total premium for $45,000 coverage with 100% coinsurance was reduced from $2,382 to $1,587.

The coinsurance clause attached was identical in language with a coinsurance clause in the body of the policy, except that in the heading of the clause in the body of the policy there appears in bold print: "Coinsurance clause (this clause void unless a percentage is specified in the appropriate space on the first page of this policy)." On the first page of the policy the "appropriate space" was blank.

Bore Facsimile Signatures

Although the original policy for which the coinsurance clause rider was attached bore facsimile signatures of the president and secretary of U.S.F.&G., neither the endorsement nor the original policy was signed by anyone.

On Feb. 24, 1960, a fire occurred on the property of Auto City Candy causing damage in the amount of $243,198 of actual sound value insured and to the extent of $133,143 actual value as agreed to by Auto City Candy and U.S.F.&G.

It was also agreed by U.S.F.&G. and Auto City Candy that the Michigan department had approved the coinsurance endorsement as it was used on Auto City Candy's policy. The reporting form excess policy was written by St. Paul F.&M. for $255,000. It was also stipulated that it is the custom of U.S.F.&G. not to sign coinsurance endorsements, but when they are attached to a policy they are considered as being signed by virtue of the signature of the agent on the policy itself.

U.S.F.&G. said it is not its rule and practice to write specific insurance where there is an additional reporting form policy unless the specific insurance is written with a 100% coinsurance clause, and all other fire companies operating in Michigan are said to follow the same practice. Had Auto City Candy not accepted the coinsurance clause, U.S.F.&G. would have cancelled its policy.

Auto City Candy demanded payment of the full $45,000, taking the position that no valid coinsurance clause existed because no coinsurance percentage was designated in the appropriate space on the first page of the policy as required by the language of the clause itself, and the coinsurance clause was not signed by an officer of U.S.F.&G., a mandatory requirement of the Michigan statutes.

U.S.F.&G. argued that a valid and effective coinsurance provision and clause existed and offered to pay $45,000/$243,198 of $133,143 or $24,631.

The court observed that anyone may obtain a coinsurance clause in Michigan provided it is in the form approved by the commissioner. The statute also says that "all coinsurance rider clauses attached to any insurance policy shall be duly signed by the insurer or its authorized agent."

This is clear and unambiguous lan-

(CONTINUED ON PAGE 24)

Springfield-Monarch Has First Half Loss

The first six months' results of Springfield-Monarch showed an operating loss of $1,062,909 before taxes, although there was a modest profit for the second quarter.

Premiums of the property and casualty companies increased $2,451,364, or 6.3% over combined writings for the first six months of 1960. Health premiums written by the life companies increased $2,182,825, or 16.1% to a new high of $15,738,772. Life in force rose by $20,429,915 to $635,096,837.

Consolidated assets increased $19,821,571 to $285,683,574, while capital, surplus and voluntary reserves increased $4,373,490 to nearly $98,000,000.

Commercial Standard Appoints

Commercial Standard of Fort Worth has named T. Bradley Burns assistant underwriting manager in charge of fire underwriting. He will also assist in coordinating production and underwriting.

IAHU Spokesman Gives Alternatives To King Bill

The federal government should launch a campaign by precept and promotion to encourage citizens in all walks—but especially those over 65—to avail themselves of good health insurance coverage. This was the suggestion of Oakley Baskin, Mutual of Omaha, associate general agent in Buffalo, to the House ways and means committee in Washington.

Mr. Baskin, a past president of International Assn. of Health Underwriters, appeared as spokesman for the organization. Hearings were on the King bill, which would implement the Kennedy administration's program of social security tax increases to finance health care benefits for the over 65 population.

Wide Range Available

A wide range of voluntary coverages, through insurance companies and such plans as Blue Cross-Blue Shield are available to the aged, Mr. Baskin said. Some of the millions of dollars the government spends on pamphlets and other educational programs might be channelled into a campaign to help educate the public on ownership of health insurance, he added.

Speaking in opposition to the King bill, he pointed out the current problem of health care for the aged was being and would be met by voluntary coverage and the provisions of the Kerr-Mills social security amendments of last year. As the present working force moves toward retirement, it will be protected by post-retirement voluntary programs to a greater and greater degree.

Security Of N.C. Elects Sam L. Booke President

Security Fire & Indemnity of Winston-Salem has elected S. L. Booke president to succeed D. S. Carpenter. Mr. Booke continues as executive vice-president of the parent company, Security Life & Trust.

Dorman L. Williams was named vice-president and agency manager of the southeastern department, with headquarters at Winston-Salem, and John S. Lemmon was elected vice-president and agency manager of the western department with headquarters at Louisville.

Many N. J. Licenses Revoked

Licenses of 5,293 New Jersey motorists were revoked under the point system program during the first half of 1961, according to Ned J. Parsekian, motor vehicle division director. Mr. Parsekian upheld more than 97% of the decisions made by hearing officers. In addition to point system cases, 626 motorists were removed from the highways as habitual violators.

Kohl Heads Lyle Phoenix Office

Ray M. Kohl has been made manager of the newly opened Phoenix office of Lyle Adjustment Co. of Arizona. Mr. Kohl has 17 years of experience in adjusting. Before going with Lyle, he was with Sayre & Toso in Los Angeles, and before that was at Provo, Utah with Scott Wetzel & Co.

The new Phoenix office of Lyle Adjustment is at 2000 North 7th Street.

Zurich Makes Three Branch Promotions

Zurich has made three branch office changes.

William H. Sheets Jr., Denver


W. H. Sheets Jr.


Robert L. Walker

branch manager, is transferred to Dallas as branch manager, succeeding Jack L. Curtis, who has resigned. Robert L. Walker, Milwaukee sales superintendent, is promoted to branch manager in Denver. James T. Haverty, Detroit sales representative, is promoted to sales superintendent in Milwaukee.

Mr. Sheets joined Zurich in 1956 as a sales representative in Colorado and became Denver branch manager in 1958. Before that he was with Commercial Union as a special agent, with Continental Casualty as an underwriter and with Citizens Agency at Vincennes, Ind., as an underwriter.

Mr. Walker joined Zurich in 1959 as a sales representative at Philadelphia and was promoted to sales superintendent at Milwaukee later that year. Prior to that, he had four years' experience in an agency and five years as branch office agency superintendent for Aetna Casualty. Mr. Haverty joined Zurich in 1960, as a sales representative at Detroit. Prior to that he had experience with Phoenix of New York, U.S. Casualty and Home Indemnity.

AFIA Branch At Cebu

American Foreign Insurance Assn. has opened a branch in Cebu, Philippine Islands. Ben Aragon, former assistant manager at Okinawa, will manage the new office under the direction of Victor H. Bello, Philippine supervisor. Mr. Aragon will serve agencies in Cebu and throughout the southern Philippines.

New Auto Insurer In Chicago

A new automobile insurer, Merit Mutual, Chicago, has been issued a state charter. William J. Parrillo, president, is also president of Safeway Mutual of the same city.

American Raises Smith, Dinan In Bond Unit

American has advanced two in the bond-burglary-glass department. Ernest E. Smith has been promoted to assistant superintendent and James T. Dinan has been transferred from New York to the head office as underwriting supervisor.

Began With American Surety

Mr. Smith began his career with American Surety in 1948 as claim adjuster. He was subsequently a special agent before becoming an underwriter in the bond department at New York. He joined American in 1959 as a supervisor in the head office bond department, his most recent position. Mr. Smith has been vice-president of Assn. of Bond Underwriters of New York.

Mr. Dinan joined American in 1954 at New York and has been a supervisor in the bond department there. Prior to that he was for nine years in the fidelity and burglary department of Zurich in New York.

Name Committee To Study Code Revision In S.C.

Gov. Hollings of South Carolina has appointed three industry members of a committee to study a revision of South Carolina insurance laws, Robert R. Scales, legal vice-president Liberty Life; J. Clifton Judy, Colonial Life, and J. Edwin Schachte Jr., Charleston local agent and past president of South Carolina Assn. of Insurance Agents. The other members of the 10-man committee are three senators, three representatives and commissioner Austin, ex-officio.

N.Y. Losses On Rise

For the first seven months of 1961, New York Board reported a 16.6% increase in the number of losses assigned to its committee on losses and adjustments, and a 10.9% increase in amount. In July there was a decrease in number of 28%, but the amount increased 14.4%.

For the seven months there were 7,710 fire, EC and sprinkler leakage losses for $20,010,418. The decrease in number for July was largely from EC losses, but the increase in amount for the month as well as for the seven months was substantially due to EC.

Nichols In Fla. Field

Herbert F. Nichols has joined Public Service Mutual as special agent in central Florida. The company has moved to new quarters at 902 S. W. 2nd Avenue, Miami.

A 'Guess The Deaths' Contest

HERE'S HOW YOU ENTER THE GUESS THE DEATHS CONTEST:
Study the recent accident figures given, then, Fill In The Blanks With Your Guess For 1961. Turn this TICKET TO LIFE over, fill in the blanks on the other side and mail to All-Risks Corporation. THERE IS NOTHING ELSE TO DO OR BUY. But, for your life's sake, Drive With Care and Obey The Rules Of The Road. YOU MUST STAY ALIVE TO WIN YOUR $500.00 BOND.

ACCIDENTS REPORTED TO THE DETROIT POLICE DEPARTMENT:	YEAR 1958	YEAR 1959	YEAR 1960	YOUR GUESS FOR FULL 1961 YEAR
"GUESS THE DEATHS" - The number of funerals held because of auto accidents.	156	184	202	A
Number of persons injured in non-fatal, but crippling auto accidents.	16,139	17,423	24,544	B
TOTAL NUMBER OF ALL ACCIDENTS Includes Death, Pain, Suffering, All Loss.	58,727	63,294	65,069	C

CONTEST RULES: The earliest postmarked envelope with the most accurate guess of the deaths (Column A) will win. In case of a tie, Column B and Column C estimates will determine the winner. Decision of the Judges' Committee is final. Contest closing date is December 1, 1961. Entries should be made in ink or ball-pen and envelopes must be securely sealed before mailing. This contest void where prohibited by law.

ONLY ONE ENTRY PER PERSON

I am your sponsoring Independent Agent:

An unusual contest, which has as its only stipulation that "you must stay alive to win," has been launched in the Detroit area in an effort to cut down the number of fatal automobile accidents there.

Russel R. Kuhlman, executive vice-president of Agents' Service Corp., Detroit, conceived the idea of a "Guess The Deaths" contest with the dual purpose of inspiring safer driving by increasing general awareness of traffic fatality statistics and increasing customer contacts for agents.

At his own expense, Mr. Kuhlman printed 300,000 forms designed to resemble Detroit traffic tickets. However, instead of fining the receiver for a traffic violation, the forms invite him to enter the contest and win a $500 savings bond for himself and another one for his personal insurance agent.

The front side of the card contains space for the entrant to fill in his name and address, information about the operation of the contest and the admonition "You must stay alive to win." The reverse of the card (see reproduction on this page) shows total fatalities, total non-fatal but crippling auto accidents, and total accidents combined for the Detroit area for 1958, 1959 and 1960. Then, blank space is provided for contestants to estimate the deaths, injuries and total accidents during 1961. After completing the card, the entrant is told to send it to All-Risks Corp. (which has the same address as Agents' Service Corp.) to be eligible for the prize. The earliest postmarked envelope with the correct number of deaths estimated will receive the bond.

To make certain that agents get full benefit from the contact, the cards are being distributed only through independent agents. Space is provided on the card for the local agent to stamp or write his name.

All-Risks has found initial response to the contest has been excellent, both among clients and participating agents.

GAB In Staff Meetings

General Adjustment Bureau recently held a three day series of meetings on training and personnel administration, with 16 members of the national and departmental executive staffs attending.

Topics discussed included GAB's professional adjuster program; plans for schools and seminars; uniform agenda; shareholder-company support of the education program, and publications. Also on the agenda were discussions on college recruitment; personnel tests and analyses; evaluation of adjusting performance; auto fleet safety; group coverages; salary continuation plan; retirement policy, and other aspects of personnel administration.

Ben M. Butler, president, and Eli Berger, secretary-treasurer, addressed the meeting.

Leaner Profits Reported

In his annual report as chairman of Mercantile & General Re of London, Hugh K. Goschen points out that in recent years "there has been an ominous trend toward leaner and leaner profit margins in the business, so that far too large a part of the burden of the exceptional losses experienced in recent years has been borne by investment income. In 1960 the company plowed back all the profits on fire and miscellaneous lines plus a considerable amount of investment income in order to strengthen underwriting reserves.

In fire, the concentration of the market into larger units has inevitable repercussions on the volume of business reinsured, Mr. Goschen noted. In Canada, measures for improving underwriting experience and reducing administrative costs have had an even greater effect on premium. This was, however, largely offset by development of business elsewhere overseas.

With a continuing rise in insured values, the company is experiencing a growing demand for facultative reinsurance. The premiums written by the accident department showed only a moderate increase due to pruning measures taken in Canada on excess of loss covers for motor and public liability business. The measure did, however, improve results.

Employers' liability and workmen's compensation, especially in Australia, have shown adverse results. The company is hoping to introduce into Australia a new form of treaty which will more equitably distribute rising claim costs between ceding company and reinsurers.

Losses Higher For General Accident

Operations of General Accident group for the first six months of 1961 produced a statutory underwriting loss of $1,737,959, compared with a loss of $662,460 for the same period of 1960. The group wrote $69,249,721 in premiums, an increase of 6.2%. The increase in the unearned premium reserve was $6,726,794. The loss ratio to earned premiums was 65.98 and the expense ratio to written premiums was 33.22 for a combined ratio of 99.2, compared with 65.64, 32.35 and 97.99 in the previous year.

Policyholders surplus was $111,142,305, up $13,924,730 at June 30. The investment reserve, representing the excess of statement values over market values for all securities, stood at $1,972,135, an increase of $852,085. On a market value basis the increase in assets was $19,496,244 and the increase in surplus was $13,072,645.

Investment income was $4,092,099, an increase of 20.9%

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CDP Pays For Borrowed Dog Insured Over-Exercised

The insurer was required to pay $250 for the death of a dog which had been over-exercised by insured, who had borrowed it. The recovery by insured was under the physical-damage-to-property endorsement of a comprehensive dwelling policy, which covers damage or destruction of property of others caused by insured. The limit of this feature of the policy was $250. The case was Glens Falls vs Vetrano, reported in 10 CCH (Fire & Casualty) 956, decided by the Texas court of civil appeals at Houston.

Vetrano borrowed the dog, a Labrador retriever, and agreed to pay the owner $500 if anything happened to the animal. With a friend, Vetrano took the dog and a pointer, put them in the trunk of the car and drove into the country. On two occasions during the day, which was hot, they let the dogs out to run, chase rabbits, and retrieve. They put the dogs back in the trunk and drove home. The pointer suffered no ill effects but the retriever died 45 minutes after their return.

Insurer Arguments

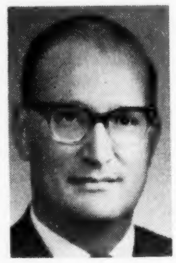
The insurer contended that the coverage did not apply because the loss arose out of the ownership, maintenance, operation, use, etc., of a motor vehicle; in other words, that the dog died as the result of confinement in the trunk of the car. It also argued that the loss was of property owned by or rented to insured, resident of his household, or any tenant of insured, and therefore was excluded.

But the court ruled that (1) there was sufficient evidence to indicate the dog died of over-exercise, and (2) that there is no provision in the policy excluding a loss resulting to property in the care, custody and control of insured.

Red, Kemp & Fahey of Houston represented Glens Falls, Blakeley & Williams of Houston the insured.

Bannister Is Gengras Aid With Security

Dan W. Bannister has joined Security-New Amsterdam group as administrative assistant to E. Clayton Gengras, president. Mr. Bannister has been elected a vice-president of New Amsterdam Casualty and U. S. Casualty, and it was indicated that he would be elected a vice-president of Security at the September meeting.



Dan W. Bannister

Mr. Bannister had been with Allstate, most recently as financial control director. He had been with Allstate since 1951, having joined the company as regional controller. He was also associate actuary and tax attorney. He is a CPCU and an associate of Casualty Actuarial Society.

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Whalen To Iowa Field For Crum & Forster

James A. Whalen Jr. has been appointed special agent in Iowa for Crum & Forster group. He will assist H. W. Anderson, state agent. Mr. Whalen was with Illinois Inspection Bureau before joining Crum & Forster. He has completed the multiple line training school for field men.

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A U.S. Census Bureau report on governmental taxes and expenditures shows that for **local fire protection** direct general expenditure of state and local governments in 1960 was $1.006 billion, or $5.59 per capita. This is somewhat less than the $1.020 billion spent by state and local governments in running liquor stores.

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Phoenix of London has appointed John M. Tjossem special agent for Iowa.

Sprinkler Pipe Break Brings $200,000 Water Damage Loss To Department Store

One of the largest water damage losses on record—tentatively estimated at $200,000—is intriguing to insurance men because it combines both good and bad luck.

The loss, which occurred in a large department store, was occasioned by a break in a six-inch pipe on the fourth floor. The pipe is one of the main water supply connections to the store's entire sprinkler system. The sprinklers were installed after the building was constructed, so all piping in that area is exposed.

Due To Mechanical Flaw

It has been established that the break was due to a mechanical flaw in casting the pipe and had nothing to do with age. At the point of the break the pipe is six inches in diameter and carries 160 pounds of pressure. The separation was about three-quarters of an inch, and water was forced out at a tremendous rate. It isn't known how much water escaped in the six to eight minutes that elapsed before the supply was turned off, but in that short time the floor near the break was five to six inches under.

Fortunately the loss took place on a Saturday morning when all employes were in the store. They went into action promptly, closed the floors affected and moved merchandise to dry areas. But it took until Monday to complete moving and sorting merchandise, to mop up the standing water and clean up. On Monday morning nearly all departments were open for business.

All the damage was in the oldest section of the store, where floor construction is "book tile" rather than concrete. Consequently water seeped down to other floors; eventually it found its way to the first basement.

Factory Insurance Association has been on this risk for five years. The loss will consist chiefly of extra expense arising from overtime wages to employes and to costs incurred in the clean-up. Loss of earnings under business interruption insurance is, of course, also a factor.

Physical damage loss is still undetermined. The store belongs to a merchants' association that does not permit "fire sales," so loss to merchandise will depend on the amount of recovery under a salvage operation. Whether there is physical damage loss to the property is not yet ascertained.

Thus, good luck and bad luck. If the employes hadn't been at work, if the loss hadn't occurred when there was a holiday the next day, if the casting had been made in these days when a flawed piece is spotted by X-ray. . . .

Philip McDonald Named Ill. Assistant Director

Philip W. McDonald Sr. has been appointed by Gov. Kerner as assistant director of insurance of Illinois. He will be in charge of the Chicago office, succeeding F. Vernon Rosenthal who resigned several months ago.

P. W. McDonald Sr.

Mr. McDonald was in the adjusting business with several companies before organizing his own independent firm, Philip W. McDonald & Co., 25 years ago. He is withdrawing from McDonald & Co. and the business will be carried on by his son, Philip W. McDonald Jr., and other members of the staff, as well as by another son, Jack, who is a student at DePaul University law school.

Mr. McDonald Sr. served as deputy director of Illinois for four years under Gov. Stevenson when the directors were Harry Hershey, now on the Illinois supreme court, and J. Edward Day, now U.S. Postmaster General.

Claims Against New Jersey UCJF Increase

Claims against New Jersey Unsatisfied Claim & Judgment Fund increased at the rate of 25 a month during 1960, according to the annual report of W. Lewis Bambrick, manager. Fund payments totaled $1,872,565, of which $893,607 was by settlement and the remainder by unsatisfied judgment.

Total payments in 1959 were $1,551,551, in 1958 $1,097,214, in 1957 $1,161,774, 1956 $295,078, and 1955 (the start) $16,126.

Repayments to the fund increased in 1960 and totaled $92,576, compared with $123,914 for the previous five years. The repayment increase in 1960 was largely due to the greater number of cases closed through settlements when an agreement or court order was obtained providing for installment repayments by uninsured, according to the report.

94% Insured

Of those registering motor vehicles June 1, 1960, to March 31, 1961, 94.09% were insured, which is higher than in any previous check period. Uninsured motorists pay $15 when registering their vehicles. The fee was $10 until June 1, 1960.

Notices of intention to file claims have increased steadily since the fund was inaugurated. The number was 3,742 in 1955, 3,772 in 1956, 4,240 in 1957, 4,983 in 1958, 6,571 in 1959, and 6,880 in 1960. Eligible claims were 5,274 in 1960, compared with 4,829 the year before; and the number of accidents was 4,235 against 3,478. The board assigned 3,675 of the 4,235 accidents in 1960 to insurers for investigation and defense.

Of total claims paid out in 1960, $1,678,640 went for bodily injury—an average of $1,752. Property damage claim payments added up to $193,924 for an average of $548 per claims.

$3,458 In 1960

During 1960, 3,458 claims were closed without payment because defendant was insured, not at fault, or financially responsible; or because the claimant was not insured, damages did not exceed the deductible, or claimant did not press his claim against uninsured defendant.

As of last March 31, the fund had an uncommitted surplus of $373,967.

Cal. Agents To Conduct Six Seminars Statewide

A series of six "technical seminars" —a new educational project of California Assn. of Insurance Agents—will begin Sept. 18 and be held during the next two months at locations throughout the state, these being Berkeley, Fresno, Pasadena, Palo Alto, Sacramento and San Diego. Two subjects—comprehensive general liability and multi-peril policies—will be covered during each of the two-day sessions. Specific applications of both kinds of policies will be stressed.

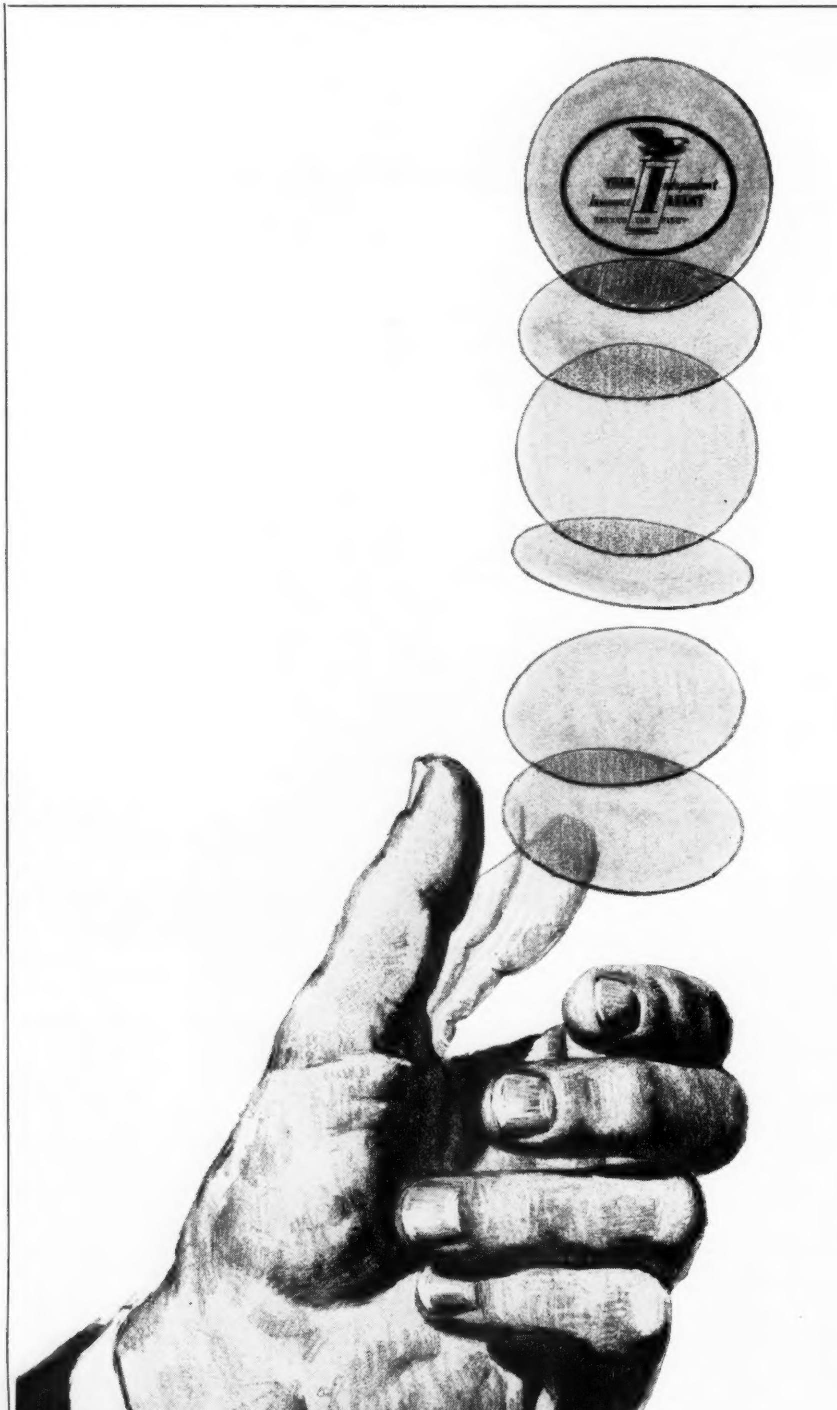
Each seminar will have four discussion leaders—two for each day—all who are specialists and active in field work. R. B. Masters, executive manager Insurance Underwriters Assn. of the Pacific, will coordinate all seminars. Daily sessions will run from 9 to 4:30 p.m., with an hour for lunch. Fee for the two-day program is $15, including costs of instruction, materials, two lunches, and four coffee breaks.

In addition to CAIA members, company personnel will be welcome at the seminars, if space permits, each seminar being set up for a maximum of 150 persons. The seminars are not intended for new men in the business. Discussions will be at an advanced level, aimed to give maximum benefit to the experienced agent, according to Richard E. Dunham, Fresno, chairman of the association's education committee. Plans are to make the seminars a permanent part of the educational program, with future seminars to be held semi-annually. The next series is set for spring 1962.

Longshoremen Rates Hiked

Because of the very substantial increases in benefits under the longshoremen's and harbor workers' compensation act which President Kennedy signed into law in July, state workmen's compensation boards are in the process currently of increasing the rates. In New York the so-called F classes were increased from 3.6 to 11.3% and the non-F classes a flat 16%.

In New Jersey the rating bureau has promulgated increases of 16.6%.



Kemper Group To Use TV, Magazines In New Advertising Campaign

Kemper group, now celebrating its golden anniversary, will use network TV and mass circulation magazines for its upcoming advertising campaign.

R. R. DeMark, advertising manager, states Kemper will co-sponsor All-Star Golf, to be carried in color by NBC on Saturday afternoons, Oct. 14 through May 5.

The golf telecast will be supplemented by advertisements in major national magazines, including Readers Digest, Look, Newsweek, U. S. News & World Report and National Geographic. Emphasis will be placed on the service and savings a policyholder receives from a local independent agent representing an insurance organization with a half century of steady growth.

Mr. DeMark said Kemper is continuing to rely on TV spots to reach men who buy much of the insurance sold in America. Kemper in the past has sponsored golf, football and basketball programs, as well as public service broadcasts.

Kemper has ordered 90 stations countrywide for All-Star Golf and is to be a half-sponsor on alternate Saturdays. The program will be broadcast to an estimated four and one half million viewers.

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New Amsterdam Casualty has pledged $50,000 to be distributed among three Baltimore hospitals for their building programs. The hospitals are Greater Baltimore Medical Center, Johns Hopkins, and Mercy.

Another Court Takes Broad View Of Term 'Collapse' In HO

Another court has given a liberal interpretation to the "collapse" coverage in a homeowners policy. Iowa supreme court held for insured in Rogers vs Maryland Casualty, reported in 10 CCH (Fire & Casualty) 958. Recently a Louisiana court held for insured under substantially similar circumstances, reported in 10 CCH (Fire & Casualty) 899.

In the Iowa case, the Rogers purchased their dwelling May 1, 1958, when comparatively new. There were no cracks in basement walls, built of cement blocks and mortar with stucco on the outside. About mid-March, 1959, cracks developed. The crack got wider and the walls bulged in more. The corners gave way. The cracks kept getting worse.

In May, Rogers called an adjuster of Maryland Casualty, who went to the house, but apparently denied liability. Rogers went ahead with repairs and rebuilding, which cost $1,658.

The high court noted that the trial court gave the jury a rather narrow definition of "collapse," just as the insurer requested. However, the jury returned a verdict for the rebuilding and repairing costs. The insurer contended that "collapse" is a word of clear and unambiguous meaning. But the supreme court disagreed. It said that even dictionaries and ordinary usage ascribe different meanings to the word. The clear weight of current authority, especially of the more recent decisions, runs contrary to insurer's view.

The insurer also argued that the evidence clearly indicated no collapse of the building or any part of it occurred. With this the high court disagreed. The company contended that "collapse" is limited to a sudden occurrence resulting in a complete falling down or falling together and that though the walls may have been about to collapse, they had not done so.

The high court ruled that the lower court jury could find that the basic structure was materially impaired, and that it was dangerous to occupy it. The court then cites several recent cases in which a broad interpretation is given to "collapse." It noted that the policy imposes a duty on insured to protect the property from further damage. The judgment might have been for a larger amount if insured had acted less promptly in complying with this requirement of the policy.

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Florida Home Has Good 1st Half

Florida Home of Miami reports a first half underwriting profit of $20,-760, after increasing liabilities by $35,285 to provide for an increase in the company's unearned premium reserve. Policyholders' surplus increased $103,101 to $2,142,722. Gross premiums written increased 44.6% to $363,510, net premiums written increased 54.4% to $218,890, and net premiums earned increased 24.2% to $183,604.

Discuss Problem Of Endorsement Handling

The expense of handling endorsements has come under increasing attention in recent times. At a meeting of Society of Insurance Accountants in New York, John W. May, assistant secretary of Aetna Casualty, and William G. Bregartner of Chubb & Son commented on the situation and presented figures.

"As a consequence of the increased interest in the expense of processing endorsements," Mr. May pointed out, "we have made some attempts in our company to put endorsements in perspective. I think that the most striking fact brought to light by this investigation is that we do not have enough statistics on endorsements themselves. For example, we have no means of accumulating figures separately for endorsements effective at the inception of the policy and endorsements added later."

Mr. May presented figures (Table I) showing the relationship between endorsement premiums and written premiums on certain lines.

Study Fire And IM

He added that "we have begun a study of the impact of endorsements on the statistics reported to National Board and to Inland Marine Insurance Bureau. Our internal transaction coding structure is such that the calendar year 1960 is the first complete year for which endorsement data in the fire and marine lines has been available, and the study has not progressed sufficiently to draw any conclusions at this time."

Mr. Bregartner observed that both the studies (Chubb & Son's figures are shown in Table II) show the effect of endorsements on the total income of a company to be comparatively small. Included in these endorsements are thousands of entries calling for money amounts of less than $10.

"It would certainly appear," Mr. Bregartner said, "that the industry should give some time to a study of this problem, since it is poor business to enter income at a cost in excess of income. Perhaps one approach would be to have the waiver of premium rules changed, since most bureau and state regulations permit waiver of $1, $2, or $3. If the waiver figure were raised, possibly to $7, all companies probably would realize an increase in net income."

TABLE I
ENDORSEMENTS-1959
(In Thousands)

LINE	ADDL. $	RETURN $	NET $	% Of TOTAL WRITTEN
Auto BI	6,556	4,046	2,510	3.0
Auto PDL	2,957	1,778	1,178	3.0
Auto PHD	5,334	2,534	2,799	7.0
Misc. BI	2,156	1,707	226	1.2
Misc. PDL	1,218	417	801	10.3
WC	1,953	1,727	226	0.4
Fidelity	725	671	54	0.9
Surety	1,192	870	321	3.6
Burglary	319	241	78	1.1
Glass	105	66	39	2.7

TABLE II
ENDORSEMENTS-1960
(In Thousands)

CLASS	ADDL. $	RETURN $	NET $	% OF TOTAL WRITTEN
Auto	631	454	177	.51
Burg. & P.G.	22	8	14	.47
Gen. Liab.	561	222	339	8.72
Fire	1,295	955	340	1.27
Jewelry	483	313	170	2.56
Yacht & Hull	227	82	145	7.28
Transp.	105	80	25	.04

Aetna Fire Names Two

Aetna Fire has promoted Wallace M. Foster to claim manager and Mario Pereira to resident engineer at Pittsburgh.

Mr. Foster joined the company in 1951 as claim adjuster at Pittsburgh. Mr. Pereira joined the company in 1956 in the home office and later served as resident engineer in Puerto Rico and at New Orleans.

Cleveland Agencies Merge

Two well-known Cleveland agencies and a veteran insurance buyer have teamed up in the new insurance office of Evans, Comtois & Co. The merger involves Edward E. Evans, Edward E. Evans III, Joseph E. Comtois and Walter S. Wood.

Mr. Wood was secretary of Stouffer Corp., the restaurant chain.

Mr. Evans III, was associated with his father in his previous agency, having joined the organization in 1953 after completion of the North America home office course.

Survey Indicates 70% Of Agents Feel National Advertising Helps

An intensive survey through personal interviews with 500 independent insurance agents, concerning their opinions and practices as to advertising, has been completed by Kirschner & Co., insurance advertising agency at San Francisco. This firm, which designed the "Big I" seal, spent nearly six months in the development of the agents' opinion poll. It covered northern California cities ranging from 10,000 to 200,000 population, where producers are particularly advertising-minded.

According to President Herbert H. Kirschner: "To make certain that the agents interrogated thoroughly understood our questions and we, in turn, correctly interpreted their answers, a minimum of one hour to several hours was spent directly with local agency owners and their personnel."

Discussions covered the subjects of national advertising by insurance companies; "Big I" nationwide advertising campaign directed by National Assn. of Insurance Agents; the value to producers of specific types of advertising, and significant factors in the preparation of local agents' advertising.

Mr. Kirschner adds that, "Admittedly, 500 agencies do not constitute a profound number. But we believe the character of this sampling of opinion, and the time devoted to obtaining it, gives strength to the summarization of expressions."

Highlights of the survey's findings:

—70% of agents believe that national advertising of insurance companies is helpful to the business development of local producers.

—30% are of the opinion that little is gained for them from the insurer's national advertising.

—65% of producers feel that they would gain more business if national advertising played up the services of independent agents.

—19% favor making the names of insurance companies better known through national advertising.

— 9% want insurance coverages featured in the national advertising of insurers.

—20% want insurance companies to include a combination of insurer name, text about coverage, and reference to independent agency service in virtually all national advertisements.

—59% of agents believe that the national advertising budgets need to be increased considerably to meet competition and sell more insurance.

—26% believe that the present amount of insurance companies' national advertising is adequate.

—14% ask that insurers "step-up somewhat" their advertising in national media.

—75% of agents indicated that, at their own expense, they would tie-in locally to national advertising—if and when they think it desirable.

—25% look unfavorably on local tie-in for which they would be expected to pay.

—50% of agents consider advertising of the "Big I" in national magazines of slight value to their operation locally.

—24% express the belief that national "Big I" advertising is of considerable value to local producers.

—14% are of the opinion that "Big I" advertising in national magazines is of no benefit locally.

Concerning the various forms of advertising used by independent agents at one time or another, expressions "of value" (yes) or "of no value" (no) were voiced as follows: Folders supplied by insurers: Yes—70%, No—30%; letters (for sales or prospecting): Yes—66%, no—34%; telephone directory Yellow Section: Yes—59%, no—41%; calendars: Yes—58%, no—42%; newspaper: Yes—53%, no—47%; agent's periodical bulletin or house organ: Yes—50%, no—50%; Miscellaneous gift item advertising: Yes—48%, no—52%; billboard: Yes—41%, no—59%; radio: Yes—30%, no—70%, match books: Yes—22%, no—78%.

Preparation of local agents' advertising: 90% of agents write their own advertising copy; 22% are given advertising aid by local newspapers, radio stations, and printers; 20% of agents employ or are interested in obtaining the services of a local advertising agency in handling their overall advertising account; 19% secure some measure of assistance in the preparation of their advertising from advertising departments of insurance companies they represent.

Mutual Of Omaha Names Two Managers

Mutual of Omaha has appointed two service office managers: M. J. Potts at St. Louis and John Hunter at Toledo.

Mr. Potts has been with the company 16 years, most recently as manager at Toledo. Mr. Hunter, with the company since 1948, has been assistant manager at Toledo.

May In Ohio Field

Russell K. May has joined Globe Mutual Casualty of Cleveland as special representative in Ohio. He has been with Inland Mutual of Huntington, W. Va.

Globe Mutual Casualty has been specializing in substandard auto physical damage, but now is going into financial responsibility and substandard liability as well, and Mr. May will specialize in these lines. The company also writes excess limits liability, mobile homes and outboard boat risks, the latter two at standard rates.

In the past few months Globe Mutual Casualty has become a nonassessable mutual. By the end of the year the company expects to be writing substandard fire business.

Zurich has reduced rates for **Meritmatic homeowners** in Indiana and Pennsylvania on new and renewal business written in American Guarantee effective after Sept. 1.

Editorial Comment

The Two Way Art Of Communicating

The most important factor for successful communication is listening; to hear what the other fellow says, Mortimer J. Adler, director of Institute for Philosophical Research, San Francisco, told the annual meeting of the Million Dollar Round Table at Bal Harbour, Fla.

Being able to listen well is much more difficult than anyone realizes, said Mr. Adler. For example, he can lecture for five hours without strain but a two hour seminar exhausts him. At an executive seminar he may have 20 men from different corporations or businesses around the table, with different vocabularies, different points of view, different interests. Listening to them for two hours intermittently, while trying to address himself to what they said is a most fatiguing task.

In communication it is essential to be relevant. Relevancy is not a simple thing. "I do not know any rule for being relevant. All I can say is that you must sensitize yourself to what is being said and talk to it, not about something else. We forget that communication is a two-way process. We tend to think that the whole show is set up for us to be heard. We are telling the other fellow. Even though he is talking part of the time, it is not important that we pay attention to what he is saying.

"But if we regard it as a two-way process, as dancing is, we may succeed," he said.

Just asking questions isn't enough, Mr. Adler said. Most people are lazy questioners. They ask a question in one way and in one way only. Often it is necessary to ask a question in four or five different ways before finding the phrasing of the question that catches the other fellow's mind.

Questions are the heart of the matter. Questions are always more important than statements. "The other fellow is much more interested in the questions you ask him than in the statements you make. Questions at least invite him to speak. Statements that you make invite him simply to listen. Questions invite him to listen and speak. If you can use questions rather than statements, you succeed better."

There are a number of rules for carrying on a conversation well, once it is under way, according to Mr. Adler. For one thing, it is important for all concerned to know what the subject is. Often the conversation goes on for quite a long time before what is being discussed is made explicitly clear.

"We often take too much for granted," Mr. Adler said. "We often assume too much understanding on the part of people we are talking to or with. We should make a little more effort to be explicit about what is being talked about, the point under discussion, the thing to be decided, the problem to be solved. Getting it verbally explicit and before everybody's mind would increase, I think, the amount of relevancy in the course of conversation itself."

Among the obvious logical fallacies that afflict conversation is to argue about facts. On most matters of fact there are ample reference books, almanacs, or dictionaries to be consulted. Yet many people waste endless amount of time wrangling about questions of fact that cannot possibly be settled by talk.

"The important thing is not the fact, but what would follow if the fact were true. Without even bothering to go to the dictionary or the reference book, you can carry on the discussion, exploring the consequences of either state of fact. When you find the state of fact later, you have reached a conclusion because both of you can agree that if the fact is such and such, one set of consequences would follow, and if the fact is otherwise another set of consequences would follow."

Another mistake often made, said Mr. Adler, is trying to settle arguments or differences of opinion by citing authorities. Authorities never settle anything, he said. They themselves hold opinion which, even if they are experts, have to be qualified by the opposition of other experts.

It is also unfair and wrong when a group tries to settle something by taking a vote. The majority is not always right.

The most important rule, he said "is neither to agree nor disagree with another person until you are sure you understand what he is saying. This rule is violated whenever we say, as most of us do, 'I don't know what you're talking about, but I know you're wrong.' To agree with someone you do not fully understand is inane and to disagree with someone you do not understand is impertinent."

Emotions have no place in discussion, he advised. They have a role to play in heart-to-heart talks, but not in business or public or theoretical communications. There is no reason for getting angry. There is no reason for getting impatient. There is no reason for aggressively attacking the other person's character. There is no reason for making fun of him. There is no reason for teasing, baiting, or being sarcastic. "Do not let your emotions get out of hand. One can make the best use of one's mind when one's emotions are controlled."—K.O.F.

Personals

Richard North, who is with the North agency at New Haven, and Mrs. North are the parents of a 7½ pound baby boy. Mr. North's father, David A. North, is past president of National Assn. of Insurance Agents.

Deaths

JAMES M. O'CONNOR, 59, casualty claims supervisor of Sun-Atlas-Royal Exchange at Chicago died in Wesley Memorial Hospital. He had been in ill health for about two years. He began with Royal Exchange in 1934 in charge of the claim department and in 1946 was named assistant branch manager. In 1958, when Royal Exchange entered into a common management arrangement with the U.S. branches of Sun Office and Atlas, he was promoted to casualty claims supervisor of the integrated group.

MRS. OTHO E. LANE, wife of the former president and chairman of Reliance, died at her home at Westtown, Pa. She had been ill for some time. Mr. Lane is still a director of Reliance, having been on the board since 1930.

CARL R. WALKER, 86, founder of Walker & Odle Insurance Underwriters of Port Huron, Mich., died in Mercy Hospital there. He formed his agency in 1934.

FRANK R. ZELLEY, 71, president of the C. A. Worthington agency, Trenton, N. J., died at St. Francis Hospital there. He had been with the agency more than 50 years. He was a past president of Mercer County Assn. of Insurance Agents.

L. W. CARNEY, 53, vice-president of the Edwin Moore agency of Shreveport, died there.

LESTER J. SHAW, 61, who owned and operated L. J. Shaw & Co., adjusters, Chicago, died in South Shore Hospital. In the insurance business since 1917, at one time he was assistant loss department superintendent of Springfield F.&M, loss department superintendent of Atlas and general adjuster of Great Lakes. He formed his own adjusting company in 1932. The business will be continued by Mr. Shaw's three associates, E. J. Hannon, W. G. Coppock and W. R. Warren.

WILLIAM A. EDGAR, 72, retired vice-president of U.S.F.&G., died. He resided at West Chester, Pa. He was a noted philatelist and was a fellow of Royal Philatelic Society of London and a life member of American Philatelic Society.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Aug. 29, 1961

	Bid $	Asked $
Aetna Casualty	143	146
Aetna Fire	120	124
American Equitable	21½	23
American, Newark	30	31
American Motorists	25½	28
Boston	37	38
Continental Casualty	104½	106
Crum & Forster	50½	52½
Federal	69½	71½
Fireman's Fund	62	64
General Re.	162	Bid
Glens Falls	43½	45
Great American	56½	58
Hartford Fire	77½	80
Hanover	46	48
Home of N.Y.	60	62
Ins. Co. of No. America	100	102
Jersey Ins.	36½	38
Maryland Casualty	43	44½
National Fire	143	148
National Union	47	48½
New Hampshire	63	66
North River	44½	46
Ohio Casualty	28½	30
Phoenix, Conn.	118	122
Prov. Wash.	22	23
Reins. Corp. of N.Y.	23½	25½
Reliance	64½	66½
St. Paul F. & M.	81	84
Springfield F.&M.	41	42½
Travelers	137	139
U.S.F. & G.	61½	63
U.S. Fire	35	36

Nev. Agents Have Secretary

R. C Stevenson, retired manager at San Francisco of Pacific Fire Rating Bureau, has joined Nevada Assn. of Insurance Agents as executive secretary.

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Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT
Cartwright, Valleau & Co., Board of Trade Building, Chicago

It's now a good guess that life insurance company earnings for 1961 will exceed those of last year in the range of 20-25% on the average. This, then, would mean that some of the price-earnings multiples, based on 1960 results, would seem considerably less startling when the new figures are at hand. Continued strength in the life shares no doubt is due to such an expectation.

Contributing in no small measure to the upward earnings trend is the continuing maturity of low-coupon bonds and the reinvestment of the proceeds at the current good rates. For example, in November of this year a $7 billion issue of 2½% government bonds will be maturing and next June $4 billion of 2¼% bonds will be coming up. A very large proportion of these is held by the life companies.

Jefferson Standard Life was a standout on the plus side last week with an overnight advance of 5 points to 75 bid (then it dropped back to 72). Franklin Life proceeded to regain most of the ground lost in a recent fast selloff from 125 to 109. It got back to 122 bid. Great American Life Underwriters at 2,000 was up 100. Continental Assurance continued into new high ground at 198 bid. Connecticut General, which had been drifting lower, found favor again and moved up about 16 points to 273 bid. Aetna Life and Travelers were easier.

Eastern Life had been strong lately, with good reason, it develops, as last week was announced a proposed 5-1 split and a 10% stock dividend. At 122 bid it has quadrupled since last December.

Bankers National Life forged ahead and got close to the 60 mark, up about 8 points for the week.

Midwestern United Life of Fort Wayne continued to go up easy and reached a mark of 63 bid. All-American Life & Casualty of Park Ridge, Ill., ran into a selling squall at the 22 level and dropped rapidly to about 16, then held and moved back up to 19½ bid. United Ins. of Chicago kept going and at 60 was in new high ground.

Standard Life of Indiana continued higher to 68 bid.

Security Life & Trust reached into the 70 level, with bids of 72. This is a company that is getting its feet wet in the mutual fund field, having formed last year a subsidiary—Security Diversified Shares Management.

The secondary offering of 53,500 shares of Federal Insurance was not disposed of. This started off at 74, was later marked down to 73¾, and then the market weakened to a low point of 69 bid. Fireman's Fund was still trying to digest an offering of 49,500 shares of its stock at 75½. The holding point seemed to be 60½. It showed improvement Friday. Continental Casualty edged higher and General Reinsurance went on its steady way upward, gaining 4 points at 162 bid.

Old Republic Life of Chicago was in good demand and reached the 28 level, up about 2 points.

Great Southern Life at 116 was up 10. American National was strong and active, reaching 15½ bid. There was talk of big things pending here in the near future.

An offering of 300,000 Combined Insurance shares has gone into SEC registration. Before announcement of this program, Combined had sold up to 59 bid. It then dropped to 51. This stock has gone up 150% this year. Those who remember W. Clement Stone from his Combined Registry Company days when he was merchandising non-can accident only policies of Commercial Casualty to local merchants through rehearsed and directed sales crews have seen one of the greatest single-handed insurance achievements on record. Big cigar, little moustache, broad grin and undiluted optimism have created a mighty harvest. He goes along with others from Illinois who have developed a towering insurance fortune in a single generation such as Charles E. Becker of Franklin, O. T. Hogan of United and John MacArthur of Bankers Life & Casualty, not to mention James S. Kemper and the Kendalls of Washington National, whose operations have been less spectacular and more conventional.

Chase Fund of Boston bought 50,000 shares of Fidelity Bankers Life.

The Commerical & Financial Chronicle August 24 comments on first half underwriting results of fire-casualty companies. Despite the poor showing investors were impressed with the continuing rise in net investment income and the substantial rise in policyholders surplus due to appreciation in stock market values. The market apparently has already discounted the underwriting results so far and is looking ahead to a sharp recovery over the remainder of the year. However, if severe hurricane losses should strike this season, 1961 underwriting results would be the worst since the heavy losses of 1957.

Kansas City Life at 2,450 was up another 100 points.

Commonwealth Life, after a fast runup to 54½, invited selling and it faded about 4 points. Then Moody's Stock Survey Monday recommended its sale and it ran into a squall, dropping to as low as 45½.

This recommendation of Moody's was contained in a review of its study of May 1. They also advised selling U. S. Life, but the market in that was not immediately disturbed. Sales were recommended on the ground that these issues had experienced such a fast runup. Aetna Life and Travelers, according to Moody's, still offer reasonable value. Connecticut General should be held only on a very long-term basis. Jefferson Standard, Lincoln National and Transamerica still have some further appreciation possibilities. Franklin Life looks overpriced. They recommend holding Security Life & Trust and Liberty Life for further gains. National Old Line, "though dear," may also be held.

Although certificate sales were lower for the first six months of 1960 of the funds in the house of Investors Diversified Services Inc. ($108,961,000 against $134,683,000), life insurance sales of Investors Syndicate Life & Annuity rose from $115,184,000 to $165,831,000.

Peninsular Life strengthened to 7. It is still 2½ points below its ex womb mate-Occidental Life of North Carolina.

Reliance Results Improved At Half

Reliance-Standard Accident and their affiliates brought their underwriting loss for the first half of 1961 down to $1,795,457 from $1,932,205 in the same period of 1960. Premiums written were off 3.6% to $78,610,217, due to refinement of the business. Policyholders surplus rose $8,162,063 over the end of 1960 and stood at $97,028,690.

Loss and expense ratio to earned premiums was 61.6 and expense ratio to written premiums was 39.3 for a total of 100.9 against 99.6 for the first 1960 half.

Investment income was $3,832,379, up by 4.7% over the first six months of 1960. Net income was $2,036,922, or $1.45 per share of Reliance stock outstanding at June 30, 1961. This compares with income of $1,728,629, or $1.23 a share for the first 1960 half. Assets at the current midyear were $302,517,226.

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Headliners Feature N. J. Agents' Program

The card has been completed for the annual meeting of New Jersey Assn. of Insurance Agents Sept. 7-9 at Hotel Traymore, Atlantic City.

Speakers include John R. Barry, president Corroon & Reynolds; Dave Johnson, Pensacola agent, and Arthur C. Dannecker Jr., public relations and advertising director Ohio Farmers. Jack Neubauer, Newark agent, will discuss the excess market, and Eugene A. Toale, secretary Recording & Statistical, will describe automated agency accounting. Two Newark attorneys will also speak: Joseph P. Rose on liability negligence, and Harold D. Feuerstein, counsel to the association, on agency mergers.

Commissioner Howell will be the banquet speaker.

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Parker Heads A&S Unit Of American Casualty

Arch M. Parker has joined American Casualty as assistant vice-president and head of the A&S divisions. Mr. Parker has been in insurance since 1946 when he started with Continental Casualty at Toronto. In 1951, he was made A&S manager at Detroit and subsequently he was in charge of the A&S operations at Cleveland.

A. M. Parker

In 1955, Mr. Parker was promoted to superintendent of agencies, and three years later he was made assistant vice-president and director of health insurance branch offices. Last year he was transferred to National Fire to set up an A&S department.

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Kemper group reports the Elliott & McKiever agency of Miami, Fla., has become the first in the nation to qualify for a trip to Bermuda in connection with the golden anniversary production contest. George R. McKiever, president of the agency, is also president of National Assn. of Mutual Insurance Agents.

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Kansas Claims Assn. will hold its fall meeting at Hutchinson Sept. 29.

Crum & Forster Has New Marketing Unit

Crum & Forster has formed a sales and research department under the direction of Charles A. Kirkland Jr., vice-president. The department will coordinate sales, advertising and promotion, forms analysis and development, market research and related activities. Particularly close coordination will be maintained with the local agency level through a series of agency panel group composed of a cross-section of producers. Recommendations and suggestions will be directed to the sales and research department through a regional advisory council.

William C. Ridgway Jr., president, emphasized the department's projected role in support of local agents' sales efforts. "As a result of accelerated development of package and multi-peril contracts, we have the opportunity to provide broader protection than ever before to a constantly growing market. A sound, flexible sales program at the company level, one that responds quickly to local and regional requirements, is a necessary ingredient in any formula likely to be successful," Mr. Ridgway said.

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N. Y. Suit Brings Up Point Of Law On Sale Of Insurance Stock

The July 29 issue of Business Week carries an article about a suit pending in New York that could cause many problems in the over-the-counter insurance stock market there.

Hill, Darlington & Grimm, a member of the New York Stock Exchange, has been sued by three investors for $58,000, their purchase price for 5,400 shares of Colorado Credit Life at 10¾. The stock is now in the $2 range.

New York insurance law prohibits sales to the public of securities of any insurer not licensed in that state unless there is special permission from the insurance superintendent. The law has been in effect since 1940 but has not been enforced. Hundreds of companies are not licensed in New York but their stock is traded there. If the suit is successful it would pave the way for other suits of the same kind by any New York resident who lost money on the stock of an unlicensed insurer.

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Rasmussen Leaves Continental Cas.

J. E. Rasmussen executive special agent working out of Continental Casualty's Chicago branch has resigned to devote full time as a broker with offices at 175 West Jackson Boulevard there He joined the company in 1941 as a bond underwriter, later became a bond special agent, and subsequently executive special agent for all lines.

Address all communications about subscriptions for this magazine to the National Underwriter Co., subscription department, 420 East 4th Street, Cincinnati 2, Ohio, to facilitate handling.

Orders for new subscriptions, changes of mailing address, payments and letters about accounts for subscriptions should be directed to the above Cincinnati office of the publisher.

Processing of new subscriptions, address changes, etc., will be made effective as soon as possible, in about three weeks from the time the communication is mailed.

Sees More Packages, Rate Variations, And Need Of Greater Cooperation Ahead

What the future holds for the insurance business, its companies, forms, and marketing system was discussed by Stetson Ward of New Haven, past president of Connecticut Assn. of Insurance Agents, at the meeting in Manchester, Vt., of New England Advisory Board.

No great foresight is necessary to suggest that big companies will get bigger, he said. But neither does it appear likely that the insurance business will in the foreseeable future be comparable to the big three of the auto manufacturing industry. Consider the possibilities: Travelers, North America, Connecticut General, John Hancock, the Hartfords, Metropolitan, Allstate, Equitable Life, Aetna Life, State Farm, Prudential, Continental, Nationwide, to mention only a few. It appears at least probable that all of these will be in the general insurance business in the not too distant future, and it will be particularly interesting to see what marketing system each adopts, and if those who have been only life companies adapt their marketing methods to the distribution of general insurance.

More Packages Coming

Within the near future the multi-peril package will be available for practically every conceivable type of risk, he predicted. Homeowners will either include or be written collaterally with auto, accident, catastrophe medical, and life. The multi-peril package now available for the motel, apartment house, and office building will be available to the funeral director, dry goods store, restaurant, grotheater. Even the PIP may be replaced by the multi-peril form, subject to company engineering rather than self inspection. The small industrial risk will have its package, and Factory Insurance Assn. and Factory Mutuals will probably find themselves with casualty departments.

Coverages will be comparable, Mr. Ward said, but probably not identical. As companies become larger, more will put reliance on their individual experience. Inevitably this will result in varying rate filings. The underwriting of the individual risk will become of paramount importance. Penalties and credits will extend from the automobile into other areas, with each company doing its utmost to secure what should be the cleanest risk. This does not mean that the market will dry up for substandard risks. But excess rates and/or deductibles will apply until such time as the risk makes itself standard. Probably optional small deductibles will become more prevalent on small risks, and optional large deductibles on large risks.

Effect On Agent

How will all of these changes effect the independent agent?

The one great fact that every producer must face is that the company providing the product is going to use the marketing procedure which produces the best results.

Independent agents and their companies are convinced that the insuring public is better served by their system than by any other. But can agents unequivocably say it has produced the best results for their companies? Mr. Ward asked. He noted the phenomenal strides of the direct writers and their 1960 underwriting profit compared with that of the agency insurers. Does the whole blame lie with the companies? If so, is it because the president's salary is excessive, or the office building more elaborate than it should be? Is the expense factor too high? Are they too generous in the payment of claims? Do they employ poor underwriters foolishly accepting substandard business that their agents submitted to them?

What answers do these companies give to their stockholders after the eighth consecutive year of underwriting loss?

The future of the independent agent will be what he and his companies, individually and collectively, make it, Mr. Ward declared. The agents can (1) resist every innovation in an attempt to recapture the good old pre-direct writer days, or (2) accept the product given them to sell and service, and sell and service it. Sell and service will still be the big difference between the agency system and that of the exclusive agency company. The latter's agent cannot counsel and serve, where he has but one product to sell, nearly as well as the independent agent with the availability and knowledge of a broad market. Agents must make the system work better than it has been working during the past 10 years.

Mr. Ward said it is not unrealistic to visualize the employment of salesmen by agency companies in areas where the agency system fails to produce a good volume of profitable business, or to visualize attractive offerings to independent agents by direct writers. Each is in the business to make a profit; each is engaged in the free enterprise system; each is going to sell its product in a manner which produces the best results. He indicated he can find no fault with the objective, the system, or the motive.

If the independent agency system survives, company and agency must act together to make it work better than it has ever worked before. Agents ask how this can be done on a reduced commission scale? To this, Mr. Ward said, the only possible reply is that in the free enterprise system good producers have always been, and he thinks always will be, well paid. The best agencies will make the most profit, for themselves as well as for their companies, and not only under profit-sharing agreements, but by reason of the law of competition.

However, the law of competition favors the best producers—those who recognize the problems, who acknowledge them, and who make the greatest effort to overcome them. The same realities apply to the companies.

A cessation of bickering—a joint recognition of each others problems—a candid and open minded partnership—a tightening of the belts—and a motivation which will embrace, but not be limited to, a profit for both company and agent, should constitute a successful formula for a successful partnership.

W. Va. Mutual Card Set

West Virginia Assn. of Mutual Insurance Agents at its annual meeting Sept. 17-19 at Hotel Frederick, Huntington, will hear addresses by two top officials of NAMIA. George R. McKiever, Miami, president of NAMIA, will discuss its over-all activities and accomplishments, and C. Goodman Jones, Bluefield, W. Va., vice-president, will analyze rate regulation and the pros and cons of prior approval.

Thomas Ciccarello, deputy commissioner of West Virginia, will also speak. The 1752 Club will sponsor a panel discussion on pertinent topics. Participating will be Paul O. Coster, Inland Mutual; Harry J. Barengo, Central Mutual; Richard L. Crawford, Harford Mutual; William H. Haynes, State Automobile Mutual, and W. E. Rinker, Shelby Mutual.

Takes Buffalo Cup

Buffalo's western and central New York department has won the company's president's cup contest based on new business produced from Jan. 1 to June 30. The winning department produced 2,642 policies. Runners-up were the midwestern department and the middle department.

Ore. Agents Challenge Title Of Petition For Automobile Compulsory

An appeal challenging the ballot title of a recently introduced initiative petition to enact a compulsory automobile liability insurance law in Oregon has been filed today by Oregon Assn. of Independent Agents. Merrill C. Hagen, McMinnville, president, said association attorneys petitioned Oregon supreme court to "clarify or rewrite" the description of the proposed measure. He said the initiative petition would cancel Oregon's present mandatory protection against uninsured motorists, a statute which was approved overwhelmingly by the 1959 legislature.

"Oregon motorists presently are fully protected if they are injured by an uninsured driver, hit-run drivers, operators of stolen case, and out-of-state motorists," Mr. Hagan said. "The proposed compulsory law would wipe out this valuable protection for all Oregonians, yet no mention is made of this fact in the ballot title.

All Motor Vehicles Affected

"Further, Oregon voters must understand clearly that they will be considering a proposed law which would affect every type of motor vehicle in the state—not just automobiles, but many models of trucks and all types of self-propelled farm machinery."

The present ballot title reads: Compulsory Automobile Insurance Law. Purpose: Requires automobile owners and operators to carry liability insurance or furnish other proof of financial responsibility. Authorizes state-established insurance rates. Provides penalties.

"Even from a studied reading of this title, the average voter could not possibly deduce the scope of this proposed law," Mr. Hagan said. "It goes far beyond imposing compulsory vehicle insurance. This is precisely the point which we are asking the supreme court to clarify. We are acting both for ourselves and the general public in seeking clarification of an incomplete description of an intended law.

Decimal Point Omitted

Ommission of a decimal point in the report of a talk given by Welcome D. Pierson, Oklahoma City attorney and outgoing chairman of the Insurance Section of American Bar Assn., made it appear that casualty insurers receive 33% of the premium dollars as compensation for their services. The amount is 3.3%. The statement, as made by Mr. Pierson, was: "Of all the money paid for casualty protection during the past decade, only 3.3% of the dollars paid by the public as premium went to insurance companies as compensation for their services."

Nebraska Assn. of Mutual Insurance Agents held its annual fall clinics in Fremont and North Platte this week. Both clinics featured the same program—the new homeowners and farmowners, and commercial property, public institutional property and apartment house forms.

Home's New Apartment Policy OK'd In N.Y.

The package policy developed by Home for apartment owners has been approved in New York. Coverages included are fire and allied lines, general liability and loss of rents. Buildings may be covered for actual cash value or for replacement cost. Attached or auxiliary apartment garages on the premises may be covered if used only to house tenants' automobiles. Auxiliary buildings such as heating plants or maintenance shops may be covered. Coverage includes all business property other than furniture in individual apartments.

In the contents section are included all landlord-owned furnishings not included above. New construction is covered up to $10,000 for 60 days. Property off premises is insured up to 1% of the combined limit for buildings and contents. There is $500 coverage of extra expense for reproduction of valuable papers and records. Up to $1,000 is provided for maintenance of building services when disrupted by damage to buildings from perils insured against.

Optionally, the owner may have protection against loss of rental income without coinsurance. Also optional is $50 deductible coverage of glass breakage, falling objects, weight of ice, snow or sleet, collapse, electrical currents artificially generated and limited water damage, boiler explosion and machinery breakage.

Elevator liability is included where the exposure exists and elevator collision is part of the basic contract. If the owner lives on the premises, comprehensive personal liability is provided. The policy also provides coverage for expenses arising out of the defense and settlement of suits. There is in the policy provision for payment of expenses for immediate medical and surgical relief of others imperative at the time of accident and expenses (except loss of earnings) which the apartment owner may be asked to assume.

Other optional coverages are medical payments with limits of $250 per person and $10,000 per accident, and robbery, safe burglary, and theft (money and securities broad form if desired).

Revise Ark. EC Forms

Extended coverage endorsement form No. 750, used in connection with commercial property lines, has been revised in Arkansas by the rating bureau. Most of the revisions are editorial, involving modernizing of wording and elimination of superfluous phrasing.

Improvements and betterments form No. 172 also has been reworded to provide protection for insured who have acquired a use interest in building fixtures and alterations at expense above rental value provided by a lease but who have not themselves installed such improvements at their own expense.

North America Loses Excess Of Limits Suit

Superior court in Seattle has held against the insurer in an excess of limits case, causing North America to pay $26,000 on a $10,000 policy.

North America's insured was in an accident that caused injury to five persons. Plaintiffs are said to have notified the company shortly after the accident that they would accept settlement of their claims for $10,000. North America took the case to court and the award was $26,000. The insured then sued North America for the $16,000 excess, contending he had not been advised of offers and counter-offers made during and before the trial. The court held that North America had failed to keep its insured informed.

The new **farm and ranch owners policy** approved by the Texas department will be explained to agents of Gulf of Dallas at a series of six schools: Sept. 11 at Amarillo, Sept. 12 at Lubbock, Sept. 13 at San Angelo, Sept. 14 at San Antonio, Sept. 15 at Victoria and Sept. 19 at Tyler.

Conventions

Sept. 6-8, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-9, New Jersey agents, annual, Traymore Hotel, Atlantic City.

Sept. 7-9, New Mexico agents, annual, La Fonda Hotel, Santa Fe.

Sept. 10-12, Kentucky mutual agents, annual, Kentucky Hotel, Louisville.

Sept. 10-12, New Hampshire agents, annual, The Balsams, Dixville Notch.

Sept. 11-12, Minnesota mutual agents, annual, Radisson Hotel, Minneapolis.

Sept. 11-12, Utah agents, annual, Newhouse Hotel, Salt Lake City.

Sept. 13-15, Minnesota agents, annual, Kahler Hotel, Rochester.

Sept. 14-15, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.

Sept. 14-16, Oregon agents, annual, Eugene Hotel, Eugene.

Sept. 17-19, Indiana mutual agents, annual, Marott Hotel, Indianapolis.

Sept. 17-19, West Virginia mutual agents, annual, Frederick Hotel, Huntington.

Sept. 17-20, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 17-20, International Claim Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.

Sept. 18-19, Vermont agents, annual, Woodstock Inn, Woodstock.

Sept. 18-20, Michigan agents, annual, Grand Hotel, Mackinac Island.

Sept. 19-22, Mutual Loss Managers Conference, annual, Edgewater Beach Hotel, Chicago.

Sept. 20-21, Hoosierland Rating Bureau & ABC Service Bureau, annual, Marott Hotel and Highland Country Club, Indianapolis.

Sept. 20-22, Kansas mutual agents, annual, Jayhawk Hotel, Topeka.

Sept. 20-22, Washington agents, annual, Chinook Hotel, Yakima.

Sept. 25-27, National Assn. of Insurance Agents, annual, Dallas, Texas.

Sept. 27-29, Society of CPCU, annual, Sheraton Park Hotel, Washington, D. C.

Oct. 1-4, National Assn. of Mutual Insurance Companies, annual, Statler Hotel, New York City.

Oct. 2-4, Society of Insurance Accountants, annual, Equinox House, Manchester, Vt.

Oct. 3-5, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 5-6, New England mutual agents, annual, Wentworth-by-the-Sea, Portsmouth, N. H.

Oct. 5-7, Arizona agents, annual, Bright Angel Lodge, Grand Canyon.

Oct. 8-11, North Carolina agents, annual, Carolina Hotel, Pinehurst.

Oct. 8-10, Missouri agents, annual, Governor Hotel, Jefferson City.

Oct. 8-11, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, annual, The Greenbrier, White Sulphur Springs, W. Va.

Oct. 10, Insurance Economics Society, annual, Edgewater Beach Hotel, Chicago.

Oct. 15-17, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 15-18, National Assn. of Mutual Agents, annual, Sheraton-Cadillac Hotel, Detroit.

Oct. 16, Rhode Island agents, annual, Sheraton Biltmore Hotel, Providence.

Oct. 16-18, Michigan mutual agents, annual, Sheraton-Cadillac Hotel, Detroit.

Oct. 17-18, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 19-22, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-24, Ohio agents, annual, Deshler Hilton Hotel, Columbus.

Oct. 23-25, South Carolina agents, annual, Francis Marion Hotel, Charleston.

Oct. 23-29, Hemispheric Insurance Conference, Lima, Peru.

Oct. 25, National Independent Statistical Service, annual, La Salle Hotel, Chicago.

Oct. 29-31, Insurors of Tennessee, annual, Andrew Jackson Hotel, Nashville.

Oct. 30-Nov. 1, California agents, annual, Biltmore Hotel, Los Angeles.

Nov. 2, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.

Nov. 2-3, Nebraska agents, annual, Cornhusker Hotel, Lincoln.

Nov. 5-7, Illinois agents, annual, Chase & Park Plaza Hotels, St. Louis, Mo.

Nov. 8-10, American Management Assn., fall insurance conference, Drake Hotel, Chicago.

Nov. 12-14, Kentucky agents, annual, Kentucky Hotel, Louisville.

Nov. 13-14, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.

Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.

Nov. 13-15, Mutual Insurance Technical Conference, Edgewater Beach Hotel, Chicago.

Nov. 13-16, National Assn. of Independent Insurers, annual, Hotel Biltmore, Los Angeles.

Nov. 16-17, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel conference, Conrad Hilton Hotel, Chicago.

Cards Are Ready For N.Y. Agent Regionals

The program for the first three fall regional meetings of New York State Assn. of Insurance Agents is virtually completed. The three meetings will be held Sept. 6 at Troy, Sept. 7 at Syracuse, and Sept. 8 at Massena.

The general format for the three meetings will be the same, beginning with a luncheon. Raymond A. Muth, Newark, state president, will be the luncheon speaker. He will discuss agents. He will be followed by Arthur L. Schwab, Staten Island, legislative representative of the association, who will speak on the 1962 legislative program of the organization.

The meeting will then break into two groups, with the "Girl Fridays" having a session of their own.

The agents will hear Kenneth Rogler, assistant manager of the automobile division National Bureau, in a talk based on a six months' look at the safe driver plan. This will be followed by a discussion on the commercial property floater and allied coverages by John A. Clayton, assistant manager of multiple line department Royal-Globe.

George A. Kramer Jr., Williston Park, who is state chairman for the 1961-62 Big I campaign, will speak on support of this and other agents' programs. Eugene A. Toale, secretary Recording & Statistical, will explain automated agency accounting.

The two groups will then reassemble to hear a discussion by an expert from the motor vehicle department on its new electronic operation. This will be followed by a general discussion of the assigned risk plan and its problems, led by George Schepens, manager.

The agency girls' program will be concerned with merit rating procedures and package policies. The women's part of the program has been arranged by the Federation of New York Insurance Women's Clubs of which Doris M. Phelps of the Kemper group, Syracuse, is president.

Great Central Declares Another Cash Dividend

Great Central of Peoria has declared a cash dividend of 75 cents per share payable Aug. 15. A previous payment of 25 cents per share was paid in March, making a total payment of $1 per share thus far this year.

In announcing the dividend action, James S. Flanigon, president, stated that in the first six months of the current year the volume of business written by the company had reached an all-time high. Favorable underwriting experience and increased investment income have increased the policyholders' surplus to $2,464,875.

Writes On Finance Manual

Jack H. Quick, manager of the aviation department of Ohio Casualty, writes:

The July 14 issue carried a story to the effect that American Mercury has issued an aircraft finance manual. The article states "it is believed that the manual is the first publication of its type in the aircraft financing field." I believe that Aero Underwriters were the first ones to issue a very fine brochure on aircraft installment finance comprised of two booklets, one of which held the specimen policy and forms for the aircraft financing and the other booklet was entitled A Message to Bankers. I believe that it was published in 1945 or 1946. Aero dissolved in 1948 so it had to be prior to that date.

Aetna Casualty Makes Philadelphia Change

Aetna Casualty has named Alanson Crandall general manager at Philadelphia effective May 1 on the retirement of Theodore A. Engstrom.

Mr. Crandall joined Aetna Casualty at Boston in 1945 and was later head of the Des Moines office for four years before going to Philadelphia.

PFRB Sprinkler Unit Changes

Thomas Miller has been advanced from assistant superintendent to superintendent of the sprinkler department of Pacific Fire Rating Bureau at Los Angeles. He succeeds James L. Eddie, who has resigned to join a sprinkler company. Orville C. Sherman succeeds Mr. Miller as assistant superintendent, and J. Edmond Richard is promoted to chief engineer of the department succeeding Mr. Sherman.

Mr. Miller has been with the bureau for 10 years, the last two as assistant superintendent. Mr. Sherman is the immediate past president of Southern California-Arizona Chapter of Society of Fire Protection Engineers. He started with the Pacific Board in 1946 as a sprinkler engineer and in 1948 was named head of the engineering section of PFRB. He was secretary of Pacific Coast Sprinkler Conference in 1959. Mr. Richard has been assistant chief engineer since 1948 and previous to that was with a Los Angeles sprinkler contracting firm.

Gore Unit Holds Open House

Walker Insurance Associates, a subsidiary of Gore-Youngberg-Carlson general agency of Chicago, held an open house in its new offices in Ft. Lauderdale. The agency was formerly located in Dania, Fla. The Gore organization also includes J. H. Lea & Co., reinsurance intermediary, and Institutional Ins. Co.

Predicts More All Lines Selling By Companies And Agents, More Advertising

The business is in the midst of a marketing upheaval and an inevitable and long overdue evolution, Lyttleton M. Baldwin, vice-president of Travelers, told the annual meeting of Insurance Advertising Conference at Manchester, Vt. There is a strong and growing trend among companies toward all-lines organization and all-lines selling. He said that in a recent three-year period, more than 50 non-life companies entered the life field. The relatively stable profits and steady upward sales climb of life insurance make it an attractive sales partner and a leveler of corporate peaks and valleys, he believes.

Public Interest Caught

The one-stop buying trend has caught the public's interest and the same underlying principle might be modified and adapted to insurance. This has led to the trend toward combining life and property coverages in package policies.

The insurance market has undergone basic and far-reaching changes, he observed. It has changed from a comparatively small segment of the population to a huge middle-income segment of such size and economic power that it staggers the imagination. The business must open, and continue to open, many new agency offices to improve both insurance production and service in those areas which have shown a major increase in population and economic growth, he declared. Field and agency forces must be taken to the market. The business cannot expect the market to come to it.

Need Better Packages

The business must continue to develop more and better packages of protection. Today's insurance buyer is thinking of his family life and family values as a complete entity. When he buys insurance, he wants to protect as many of these elements as he can in a single, unified program.

The job is to make these packages not only broad in scope, and therefore valuable to the policyholder, but also economical to buy and simple to sell and service, Mr. Baldwin believes. Many difficulties are involved, and new and imaginative thinking will be required. Many changes and adjustments will be necessary, both at the company and agency level, he said.

Though the public is not clamoring to buy all its insurance from any one agent or agency, many have had experience with one-stop service and appear to like it. The public seldom takes the initiative by clamoring for new products and services. In almost every case the public demand has arisen after new products and services become available. It is much the same with important new developments in insurance. The public is inclined toward the convenience and efficiency of one-stop service offered by any one company or any one agent. Consequently, these new developments and facilities are rapidly becoming important facts of life to the insurance business and the public it serves.

Nature Of The Business

The insurance business combines underwriting, which is a promise to pay, integrity in keeping that promise, and salesmanship, Mr. Baldwin pointed out.

Can—or should—an intangible product like insurance be merchandised in much the same way that tangible goods are merchandised?

This is not a question that is likely to be fully answered this year or next. There are certain stubborn and inherent difficulties in making any such merchandising transition. Insurance is an intangible, making it basically and fundamentally different from other products. From a merchandising standpoint, it is unique. Insurance is a promise to pay. It can't be picked up from a store counter and looked over as a roast of meat or a pair of pliers. It can't be felt for firmness or texture, tasted, worn or tried on, listened to or taken a ride in.

When he buys an insurance policy, insured is getting something he may not use for years, or ever.

So, ownership of insurance—and therefore the selling of insurance—is a paradox. To sell such a product, to merchandise it successfully, a man needs a very special sort of enthusiasm and perseverance. An agent is a very special sort of man—and he need apologize to no one for possessing the special qualities so necessary to his success. There are very few truly thoughtful and responsible persons who would wish to live in a world which was utterly devoid of such a product as insurance and the security and peace of mind it provides.

Not An Experiment

Mr. Baldwin noted that all lines selling is no mere experiment. It is a solid, substantial and successful fact. His own and other companies have done it for years. British companies always have been able to write virtually all forms of insurance under a single corporate structure.

An agent is not a true multiple line agent unless he does write all lines, including life, he said. If he is to give complete insurance service to his client, he is not completing his mission unless he protects human values as well as property values. All of the homes, factories, apartments and other property ever insured would be of no value whatsoever without people to use them for their intended purposes.

Through the years, the most successful Travelers representatives have been those who followed the multiple-line principle, guaranteeing the con-

21 Complete Casualty Actuarial Society Exams For Associate

Casualty Actuarial Society examinations for associates in 1961 have been completed by 21 candidates and fellowship examinations by seven who are currently associates. The new associates and new fellows will be admitted at the annual meeting in Chicago Nov. 15-17.

The new associates are:

William C. Aldrich, assistant secretary National Council on Compensation Insurance; George Cherlin, assistant mathematician Mutual Benefit Life; Darrell W. Ehlert, field pricing manager Allstate; Stein Ferden, actuary Mutual Service companies; Donald E. Gould, senior statistician New York State Fund; Thomas A. Greene, underwriting department American Re.; Milton Horowitz, actuary New York State Fund; Jeffrey T. Lange, actuarial division National Bureau.

Other Associates

Also, W. James MacGinnitie, actuarial department Continental Casualty; Donald R. Margolis, actuarial department North America; Richard D. McClure, assistant secretary American Mutual Liability; George E. McLean, actuarial manager Blue Cross-Blue Shield, Boston; George D. Morison, actuarial department Aetna Casualty; Robert G. Moss, actuary Marsh & McLennan; Roland E. Nelson, associate actuary State Farm Life.

Also, Robert G. Oien, assistant actuary Mutual Service companies; Jerald P. Peel, insurance coordinator Standard Oil of Indiana; William A. Riddlesworth, actuarial department Aetna Casualty; Jerome A. Scheibl, rater Wisconsin department; Donald E. Trudeau, casualty, fire and marine actuarial department Travelers; and Albert J. Walsh, actuarial assistant Liberty Mutual.

The new fellows are:

James F. Brannigan and Edward H. Budd, casualty, fire and marine actuarial department of Travelers; Walter J. Fitzgibbon Jr., actuarial assistant of Aetna Casualty; Edward J. Hobbs, actuarial department of North America; John R. Linden, actuarial assistant of Aetna Casualty; Jack Moseley, assistant actuary of U.S.F.&G., and James C. Wilson, vice-president and actuary of Security General of Winston-Salem.

tinuation of their own usefulness and prosperity by selling life insurance as well as property lines. Agents should stop selling insurance and sell security, for the purpose of the business is to provide security, not to engage in guessing games as to which of many disasters is apt to strike a particular individual. The plain fact is that the separation of life and property forms comes closer to obsolescence every time a life company adds a property insurer or a property company adds a life company.

170 All Line Groups

According to Life Insurance Agency Management Assn., there are 170 life companies now affiliated with fire and casualty groups. Out of the top 25 groups of fire and casualty companies, 21 are in the life business. The affiliated groups' life production has grown at the rate of 33% over the past two years, compared with a growth rate for the industry of 11%. The 1957 net increase in life insurance in force in the U.S. was approximately $45 billion. The 1959 increase amounted to more than $50 billion, an increase of $5 billion over 1957. Of the $5 billion, the affiliated groups accounted for approximately $2 billion, or 40% of the total growth of insurance in force for the business during these two years.

To improve present marketing does not necessarily mean a helter-skelter rush for greater premium volume, Mr. Baldwin cautioned. It should be self-evident that company A will need to shape its marketing plans somewhat differently from company B or company C. Each must determine, in the light of facts and conditions peculiar to itself, whether to put primary emphasis on premiums or underwriting profits. If underwriting profits are of first importance, that fact may impose a considerable limitation on premiums.

Impact On Profit

Whatever the choice may be as to these alternatives, the insurer cannot escape careful consideration of the impact on the company's investment profit. Obviously, that company's short and long term investment practices will be affected by the amount of funds available.

Stubborn, unbending conservatism can be just as dangerous and indefensible as change for the sake of change. The insurance market has undergone basic and far-reaching changes. Many fire and casualty agents have wakened to the necessity of putting life into their agencies. Many have done this by using the services of the life company's salaried staff to assist them in writing life insurance on casualty and fire policyholders with whom they have done business for many years.

Mr. Baldwin believes the property underwriter has a tremendous advantage because the door is always open to him to discuss insurance needs with his client. The life-only underwriter must first sell the idea of an interview. Some large casualty and fire agencies have organized a separate life department, knowing that approximately one out of every five clients on their books will purchase life insurance in any given year—if not from them, then elsewhere. They can envision production of a large life volume and the resultant commission dollars with very little expense to the agency. There isn't much difference between net and gross in commissions received from life and disability lines, and many agencies feel that the installation of a life department is the proper answer to increasing net profit to the agency without materially increasing operating expenses.

Family Values As Entity

Today's insurance buyer is thinking of his family life and family values as a complete entity—home, automobile, education, retirement, possessions and all the rest, Mr. Baldwin said. When he buys insurance, he wants to protect as many of these elements as he can in a single, unified program.

There are necessarily going to be substantial advertising problems for the fire and casualty company as it becomes all-line, he pointed out. Effective promotion of all lines—whether based on package concepts or not—will involve new approaches and unfamiliar advertising techniques. Vigorous presentation will require a greatly increased advertising budget. The same old annual budget will not be sufficient to do a real job with new and bigger advertising objectives. By the same token, there's no point in an agent being equipped to render all-lines service if he's going to keep it a secret. In order to achieve high multiple-line production, he must take full advantage of advertising and promotion sales aids made available to him, and also, with the help of home office advertising specialists, develop his own local advertising program.

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New officers of **Insurance Women of San Diego** are Patricia Cross, Ohio Farmers, president; Autumn Trondle, Phoenix of New York, 1st vice-president; Madeline Whelan, Ohio Farmers, 2nd vice-president; Barbara Campbell, U.S.F.&G., recording secretary; Virginia Scott, corresponding secretary, and Lois Edmonds, treasurer.

Boyajian Is Actuary With National Board

John H. Boyajian has joined National Board as actuary. He has been actuary of California Inspection Rating Bureau in San Francisco since 1954.

Mr. Boyajian holds a B.S. in mathematics and physics from Northeastern University, of which he is a graduate. In 1941-42 he was a teaching fellow in physics at the university. After service in the Navy in World War II, he was named assistant actuary of National Council on Compensation Insurance. In 1956 he became a fellow of Casualty Actuarial Society.

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Two Del. Mutuals Affiliate Under One Management

New Castle Mutual of Wilmington, and Kent County Mutual of Dover, Del., have affiliated under common management. The two companies have operated in Delaware for more than 100 years. Kent County Mutual was established in 1847, and New Castle in 1850.

Both companies will continue their separate identities and their established business practices. The managements will, however, be combined to form a single management group and the home offices of both companies will be in the present New Castle Mutual building at 1007 Washington Street, Wilmington.

Security Mut. Casualty Names Kirshbaum V-P

George A. Kirshbaum has joined Security Mutual Casualty as vice-president. His headquarters will be at the home office in Chicago and he will assume responsibility for underwriting and claims as well as field operations.

Mr. Kirshbaum began his insurance career with Home Insurance in New York in 1934. In 1939 he joined Farmers group in Los Angeles and subsequently became vice-president of Allen T. Archer Co. Since 1947 he has been vice-president of Transport Indemnity, also in Los Angeles.

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F.&D. Changes

Stewart E. Gordon, since 1955 attorney-in-charge of the Chicago claim office, has been transferred to the home office claim department of Fidelity & Deposit. He is succeeded by Arthur E. Aist, who has been his associate. Mr. Aist will be assisted by Thomas C. Kearns, who was transferred to F.&D.'s Chicago claim office in 1960, following three years in the branch there.

Mr. Gordon has been a member of F.&D.'s claim organization since 1928 and had served in the home office, St. Louis, and Indianapolis prior to his assignment to Chicago. Mr. Aist joined the claim department in 1941 and served in the home office prior to his appointment to Chicago in 1953.

Facultative Fire Reinsurance: Its History, Need, Availability

(CONTINUED FROM PAGE 2)

this country after 1800.

Reinsurance was no stranger at the beginning of the 19th century. Eagle Fire of New York, which was formed in 1806, assumed all of the outstanding risks of Union Ins. Co. (formerly the Jersey Bank) in August, 1813. This is the first case of reinsurance noted in the history of the country, and as far as can be ascertained, this was also the first case of reinsurance of one company by another in fire underwriting history. Aetna Fire followed by reinsuring the outstanding risks of the Middletown Fire in September, 1819, and three years later Hartford Fire reinsured the business of New Haven Fire.

Reinsurance had legal sanction, at least in Massachusetts and New York, which were, at the time, two principal commercial and industrial states. In Merry vs Prince (1806) it was held that a policy of reinsurance was a valid contract, and that the statute barring reinsurance did not extend to the British colonies and had never been adopted in Massachusetts. In July, 1837, the New York supreme court held that reinsurance was a valid contract in fire as well as marine insurance. This was New York Bowery Fire vs New York Fire. The latter had reinsured a facultative risk with the former Feb. 11, 1834. The court ruled further that the risk assumed by the first insurer gave them such an insurable interest as rendered the reinsurance a valid contract.

Need For Reinsurance

Two conditions, always considerations for an insurer to desire reinsurance, were present in the New England states after 1807. These conditions were: High valued properties that, if insured by one company, would give that company too large a gross line, and accumulated insurance in conflagration areas.

These conditions were occasioned by the transition period that followed the embargo act which forced Americans to manufacture products formerly imported. To this sudden need for manufacturing in the U.S. was coupled the availability of adequate natural resources, an abundant immigrant labor force, and the creative ingenuity of inventive genius. The outcome was the Industrial Revolution that fathered the massive industrial complexities of the northeastern U.S. encompassing textiles, clothing, steel, machinery, and railroads.

Americans had been indoctrinated with the idea of "bigness" and it was upon this base that empires were built. Insurance men, too, looked for means by which to become big. With industrial growth came higher insurable values and a need for an ample market to absorb them.

English Practice

In England surpluses were dealt with by direct policy, and it was the practice for the insurer to which the business was first offered to accept its full line and then send insured in company of one of its clerks to friendly offices to place the balance of the line.

Fortunately for American insured, domestic companies were not hampered by the restrictions imposed upon the English by George II, and two more expedient methods were developed on the western shores of the Atlantic for handling surpluses. They were widely divergent in scope. The first was the formation by certain companies of associations whereby individual risks were placed before representatives of each member company and they had the choice of accepting a portion of, or declining, lines offered. Lines accepted were covered on a coinsurance basis. Although this was adequate at the time for companies that were members of such associations, a solution still had to be found for placing risks declined by the associations, and for providing a surplus market for companies that were not association members. The second method, of course, was the development of a facultative reinsurance facility.

Develops Treaty Form

The utilization of this facility was widely subscribed to by the American direct market from 1850 on. This was the sole practical reinsurance method available to companies for the disposal of fire surpluses up until 1880. It was around this time that Munich Re received credit for the popularization of the treaty form of reinsurance. Further, we may conclude that the primary companies were the only market available for facultative fire reinsurance in the U.S. So far as can be ascertained, the first professional reinsurance company did not make an appearance on American soil until 1882.

Although professional reinsurers did not play an important role in the facultative fire reinsurance market until the 20th century, with the popularization of treaty reinsurance on the Continent, placement facilities available to insurers seeking treaty reinsurances quickly spread to the U.S.

Foreign Insurer Admitted

In 1882, United Fire of Manchester, England, founded in 1877 as a reinsurance subsidiary of Mutual Fire Ins. Co., was the first foreign reinsurer to be admitted to do business in the U.S. It is apparent though that many American insurance companies went abroad for treaty reinsurances, utilizing the non-admitted market, for by 1896 many states already had statutes on their books forbidding admitted companies from taking credit for reinsurance placed with nonadmitted reinsurers.

Thus, about this time, non-admitted

companies set about making formal application for admission in the states. In 1898, Bavarian Mortgage & Exchange Bank of Munich was granted a license and reinsured, on an obligatory basis, facultative reinsurance. In 1899, Munich Re and Salamandra of St. Petersburg were admitted. In 1900, the Moscow and Skandia followed. In 1905 the Rossia entered the U.S., and in 1907 the First Russian and Russian Re were admitted.

Prior to 1909, the U.S. had no domestic professional reinsurers, with the single exception of First American Re, which retired from business in 1890.

No Serious Inroads

Professional reinsurers made no serious inroads into the facultative fire reinsurance market in the period 1880-1910. For one thing, they were not interested in facultative fire. At the time they were enamored with the concept of treaties with their minimization of paper work compared to the voluminous detail connected with facultative offerings.

Then too, practically all of the professional reinsurers operating in the U.S. at the time were owned and controlled by foreign interests, and, as even exists today to some degree, management insisted upon maintaining strict supervision of underwriting. The lack of proximity between the home office and market made it impossible facultatively for foreign companies to control underwriting in their accustomed manner.

Lastly, the writing of facultative business necessitates retaining experienced underwriters with an intimate knowledge of both the risks presented and the inherent dangers, physical as well as natural, surrounding these risks, and the maintenance of, or subscription to, inspection reports and mapping facilities. The professional reinsurers were not willing to incur the additional expense necessary to establish such facilities.

Two facts favored the insurer's position as an assumptive market for facultative fire reinsurance. It already had, as an established department of its organizational operation, a complete underwriting unit for direct lines. This unit could easily absorb a facultative reinsurance operation. Also, the primary companies were in a position to offer their ceding sources reciprocity, thus allowing these sources to maintain approximately the same premium as they originally had, but with the advantage of achieving a greater spread of liability.

Md. Eyes Abuse Of Motor Vehicle Unit As Collector

Commissioner Sears of Maryland has moved to curtail activity by a "few agents" in using the department of motor vehicles as a collection agency.

Mr. Sears said the procedure he objects to works like this: An agent files a certificate of responsibility for a client with the motor vehicle department, collects one month's premium, then immediately files a notice with the same department that the insurance expires in 30 days. Since the motorist will lose his license if he doesn't renew his policy 10 days before the certificate expires, this usually sends the motorist hurrying to the agent.

Mr. Sears said agents will face suspension or revocation of their license if the practice is continued.

Glass Rates Rise

National Bureau has increased glass rates in 13 states, effective Aug. 30.

The average increases are: California, 6%; Georgia 7.4%; Hawaii, 13.8%; Illinois, 8.6%; Maine, 16.3%; Michigan, 13.7%; Minnesota, 9%; Missouri, 13.9%; Oregon, 12.5%; Utah, 9.2%; Vermont, 6.5%; Washington, 5.7%; and Wisconsin, 10%.

Nw Ohio Blue Cross Is Allowed 19.5% Rate Hike

Superintendent Stowell of Ohio has approved a Blue Cross insurance rate increase of 19.5% for 12 counties in northwestern Ohio. Hospital Service Assn. of Toledo had sought a 22.3% increase for 488,680 subscribers in the area. Mr. Stowell estimated the increase will provide $2,855,000 additional annual income, about $407,000 less than requested. A spokesman for Blue Cross said the action would probably carry the group through the next two years of rising hospital costs.

Georgia Pond Elects

Georgia pond of Blue Goose has elected Robert M. Dominy, Factory Insurance Assn., most loyal gander. Also named were William C. Painter Jr., Southeastern Underwriters Assn., supervisor; D. Lee Wicker, Hurt & Quin, custodian; Cecil A. Pool, Fireman's Fund, guardian; M. A. Kendrick, General Adjustment Bureau, keeper, and Edward S. Kelly, GAB, wielder.

San Diego Blue Goose will resume its monthly meetings Sept. 11 at the San Diego Club at which time Craig Hubble, MLG, will report on the grand nest.

Court Holds Coinsurance Endorsement Void Without Signature

(CONTINUED FROM PAGE 5)

guage, the court declared. Other statutes were quoted as follows: "That it shall be unlawful, except as herein otherwise provided, for any fire insurer doing business in the state of Michigan to provide by any insurance policy issued by it, or by any clause therein, or by any separate agreement, that the liability of said insurance company to its insured shall be limited or restricted by reason of the failure of the said insured to insure real property or tangible personal property covered by said policy for any certain amount or proportion of the actual cash value of such property." Another section provides: "Any provision of any policy, or any contract or agreement contrary to the provisions of Sections 2824 (Business Suspension Insurance), 2826 (Depreciation or Replacement Insurance), or 2850 (Unauthorized Limitations of Liability) shall be absolutely void, and any insurer issuing any policy of insurance containing such provision, shall be liable to the insured under such policy in the same manner and to the same extent as if such provision were not therein contained."

Again the court pointed out that this is clear language, containing no ambiguities but incorporating such words as "shall," "it shall be unlawful," and "shall be absolutely void," which are unmistakable in their intent.

U.S.F.&G. argued that the legislation was not mandatory, that a substantial compliance with the provisions was sufficient. To interpret the provisions as mandatory and requiring a strict compliance would constitute an absurdity, the insurer maintained. The court disagreed with this, stating that reading the statutes in the light of their historical background, together with the language they employ, leads to the "inescapable conclusion that they are remedial in their intent with prohibitory and mandatory provisions."

Holds Statutes Mandatory

The court held that the statutes are mandatory and it was the intention of the legislature that its provisions as a matter of public policy be strictly adhered to. The coinsurance clause in the Auto City Candy Co. policy was therefore, void and without legal force and effect.

As to the question of whether Auto City Candy, by having a reduced premium under the coinsurance clause was estopped or had waived its rights under the mandatory statute, the court cited cases favoring a ruling that the defense of estoppel or waiver was not applicable.

A judgment of $45,000 was entered for plaintiff against U.S.F.&G. with interest at 5% on $20,368, the difference between what Auto City Candy demanded and U.S.F.&G. offered at the time the loss was determined, March 26, 1960.

Celina Mutual Offering New Business Risk Plans

A new package insurance approach for business risks was delivered to Celina Mutual's field representatives from eight states who attended a "Meet Your New Baby!" sales training session. The new Businessowners Protection Plan is designed to cover practically all major exposures of a business or commercial operation. It is "custom fitted" and individually rated. It will first be sold in Ohio and later in other states in which the company operates.

The plan covers the insured for automobile, premises and operations liability arising from accidents, theft and employe dishonesty, as well as loss by fire and other perils (and any interruption of business therefrom) to premises, and contents.

Concurrently, the Business Protector Policy, a single limit type of package plan designed for the somewhat smaller business operation, including retail establishments, not qualified for the Businessowners Protection Plan, was introduced. Sold presently only in Ohio, the semi-annual package price is $45 per year in all but seven counties, where it is $75.

The Business Protector Policy includes premises and operations liability cover, employe dishonesty protection, loss of money and securities on or off the premises, loss due to accepting money orders and counterfeit paper currency and loss due to the forgery or alteration of checks issued by the insured.

The sales training session was led by H. A. Mielke, vice-president in charge of underwriting, with the assistance of R. F. Norberg, miscellaneous casualty underwriter; M. D. Winkeljohn, health and bond underwriter; H. Setterfield, fire and allied lines underwriter; and L. E. Kennedy, assistant manager claims department.

Experience Of One Foreign Reinsurer Less Favorable

New Reinsurance Co. of Geneva in its annual report for 1960 shows net premiums of 49,745,851 Swiss francs, compared with 44,332,880 the year before. This includes life business the company writes, approximately 7% of the total. Assets rose from 141,386,973 to 194,117,936 Sfr.

G. A. Schelling, chairman, pointed out that the profit margin on the main class, fire, "grows smaller from year to year." During the last 10 years cessions to reinsurers have been completely modified due to the constant increase in retentions by the ceding companies. Their position grows steadily stronger with the generally favorable financial situation or as a result of associations and merger.

For the most part, he reported, the reinsurer now gets only target and industrial risks. However, the ceding companies themselves have to struggle against the constantly increasing expense ratio. The over-all results on the fire class still show a profit but one too small to cover the reinsurer's expenses in the future.

Accident and general third party business continue to be unsatisfactory. Auto BI deteriorated slightly due mainly to unfavorable winding up of loss reserves from previous years. Recent rate adjustments may prove insufficient.

Marine business showed better results in 1960, principally on account of the run-off of loss reserves.

Mutual Of Omaha Agents Elect Johnson Assn. Head

R. B. Johnson, general agent of Mutual of Omaha and United Benefit Life was elected president of the companies' Western General Agents' Assn. at the annual meeting. He succeeds D. L. Acrea, Reno general agent.

Rise Is Expected In Open Market Risks

(CONTINUED FROM PAGE 1)

exposures—something that would have been impossible two or three years ago in the domestic market.

While these developments are occurring, the London market for substandard has become tighter because of the poor experience on such American business. London is scanning these American offerings more closely than it once did. Also, it is not getting the same volume of the desirable excess business it once did because of new American competition. That competition is not presently characterized as "temporary," which it has been in times past when U.S. insurers got into excess and then pulled out. It is believed that many of them are in it this time to stay.

One Observer's View

The surplus line picture is described by one observer as one of a shifting market and a shifting problem. The leading surplus line producers in this country are seeking to establish, and have done so in many instances, domestic facilities to supplant those extended by the London market which were restricted or curtailed because of underwriting results. However, he does not see the surplus line market headed toward a switchover from predominantly price cutting to predominantly surcharging. These risks always have been predominantly surcharged, but never sufficiently to handle the distress business which has been the bulk of their activity. Admittedly, they have occasionally cut rates on good business, and probably more has been heard about this than about their surcharging of bad business.

Multiple Line Packages

The theory of multiple line selling on a broad scale, of which homeowners is the first example, is growing like Topsy, with the approach being applied to retail merchants, motels, and apartment houses. In other words, underwriters are reaching out to find the broad premium base which lends itself to this technique.

Obviously, in intense competition, rate levels may dip below adequacy. When they do this, this observer seriously doubts that buyers and producers will go to non-admitted or surplus line outlets to purchase coverage where the risk does not meet the merchandised requirements of large competing underwriters. It is far more likely that they will continue to buy their covers on a piecemeal basis. This is because the expense of surplus line placement involving two producers and punitive taxes together with the expensive and generally inadequate facilities offered by non-admitted markets will result in a price for the package that would not sell.

Good Underwriting Needed

In the area of substandard business particularly top grade underwriting is needed. The underwriter needs to understand thoroughly the nature of the risk and be able to price the coverage so as to keep the insurer out of trouble and at the same time get the business.

One general agency that put together a pool to write substandard dwellings at two and three times manual is making some money for its companies. In this connection, the chief executive of one large group indicated recently that his organization no longer is making any special effort to get or keep homeowners business because he believes that for competitive reasons the rates are going to be inadequate for two or three years.

Substandard Auto

Several companies have been formed to write substandard auto at substantially surcharged rates, and are said to be making money—though volume is not yet large and the business is not regarded as seasoned.

The "big" companies have been fighting the battle of competition in the homeowners field for some time, one observer states. There are enormous premium dollars at stake in a class which lends itself to a great deal of automation in handling and new thinking on the expense side of the ledger, primarily in methods of solicitation. Perhaps the battle is an extension of developments in the automobile field where hunger for volume for investment purposes coupled with broad underwriting techniques such as merit rating, etc., rather than individual risk consideration joined everybody in a competitive tussle which resulted in a fantastic over-all loss.

Some producers who do not have a surplus or excess facility are scouting around to find one. The effect on the production office of rating plans that shove more risks into the open market will be much the same as on the company. To offset this loss, the producer needs a place to put risks coming out one end of the scale as selectivity becomes more stringent at the other end.

Approve Recapitalization Of American States

Stockholders of American States have approved a recapitalization plan which creates a single class of common stock with full voting rights. This replaces the existing class A and class B shares.

Under the old capitalization, voting rights of class A stock were limited to election of four of the 13 directors. The new stock is comprised of one million shares of equal rights of which 757,046⅓ shares will be issued and 242,953⅔ will be reserved for stock dividends.

New Iowa Handbook

A new Underwriters Handbook of Iowa has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Iowa handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50 each.

To Sell 300,000 Shares

Combined of Chicago has filed with SEC a registration statement covering a proposed public offering of 300,000 shares of common stock. The offering will be made by an underwriting group managed by Smith, Barney & Co.

The shares are being sold by certain stockholders, including President W. Clement Stone. The company will receive none of the proceeds. A total of 3,000,000 common shares are outstanding.

Zurich Is Offering B&M Endorsement On Multi-Peril Packages

Zurich is offering an optional boiler and machinery endorsement at reduced package rates with its new multi-peril apartment owners' and motel policies. The company will sell the policies, with the B&M endorsement, currently in Arizona, California, Georgia, Mississippi, Ohio and Oklahoma. Sales will be extended as soon as possible to all states in which such policies are approved.

With the optional B&M coverage endorsement, Zurich will offer repair or replacement; machinery; use and occupancy; and refrigerating and air-conditioning vessels and piping endorsements. All boiler and machinery coverage will carry a 20% rate reduction on the apartment owners' policy and a 25% rate reduction on the motel policy.

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Meritmatic homeowners, written by **American Guarantee** of Zurich group, has been approved in Alabama.

Hardware Mutuals Name Five Claims Consultants In Reorganizational Plan

Hardware Mutuals of Stevens Point have named five regional claims consultants in a general reorganization of the field claims staff. The new regional grouping has been planned to give greater responsibility and authority to claims managers in the companies' 33 principal branch offices. Branch claims managers have been upgraded in this reorganization.

The consultants, who report directly to the home office field operations manager, are Warren W. Blodgett, east region, New York City, responsible for general counseling and technical training of claims managers in New York City, Syracuse, Buffalo, Boston, New England, and Newark branches; Clarence L. Schall, south and central region, Atlanta, serving Atlanta, Richmond, Pittsburgh, Philadelphia, Cincinnati, New Orleans, Houston, Dallas and Oklahoma City branches; Ervin G. Euler, north and central region, Stevens Point, serving Stevens Point, Madison, Appleton, Milwaukee, Detroit, Grand Rapids, Chicago, and Springfield, Ill., branches, and, John M. Siebert, west region, Los Angeles, serving branches in Los Angeles, San Francisco, Santa Barbara, San Diego, Portland and Seattle. Central region offices, located in Minneapolis, Kansas City, Omaha and St. Louis, will be serviced by Robert L. MacPhail, headquartered in and reporting to Minneapolis.

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Sioux City Fire Estimated At $400,000

The block-square, three-story brick plant of Curtis Sash & Door Co. in Sioux City which was destroyed by fire Aug. 23 will present insurers with a loss estimated at between $250,000 to $400,000.

A branch of a Clinton, Ia., organization, the building had been idle for 18 months and the sprinkler system and alarms had been disconnected. Vandals had broken windows and had been in the plant. Part of the contents already had been sold.

Cal. Brokers Busy On Sept. 6-7

Insurance Brokers Assn. of California has scheduled two back-to-back meetings for Sept. 6-7. On Wednesday, the group will meet at the Pig'n Whistle Restaurant for an "idea exchange" featuring George S. Reppas, of Reppas & Bradshaw, San Francisco auditors, who will speak on "Simplifying Your Brokerage Accounting." On Thursday, Bert Stewart, general manager National Automobile Club, will discuss the services performed by his club at the "project understanding" meeting at the San Francisco Commercial Club.

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Fire Investigators Assn. Is Formed At Chicago

National Assn. of Fire Investigators has been formed at Chicago. A non-profit organization, its primary purposes are to increase the knowledge and improve the skills of persons engaged in the investigation of fires, explosions, arson, subrogation, fire prevention, and related fields, or in the litigation which ensues from such investigation. NAFI will serve as a national clearing house to disseminate technical information, keep records, watch and report on legislation and propose legislation to foster better cooperation, improve and amend codes, and provide a means of training, education, and exchanging experience and ideas. Additional information, applications, etc., may be obtained from NAFI at 53 West Jackson Boulevard, Chicago 4.

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Karl Buehler Cuts Down

Karl R. Buehler, vice-president Beacon Mutual Indemnity and 1st vice-president American Select Risk has retired from active administrative duties. He will continue as vice-president of both companies on a semi-active status to conduct studies in management and procedural problems. He will also remain as a director of both companies and on the executive committees.

Mr. Buehler has been with Beacon Mutual Indemnity since 1939 when he was named special agent in Ohio. Later he became manager of underwriting and then vice-president. In 1959, he was elected 1st vice-president of American Select Risk.

Browne Made A V-P

Carl F. Browne has been elected 1st vice-president of Beacon Mutual Indemnity and American Select Risk. A member of the boards of both companies, as well as the executive committees and development committees, Mr. Browne has been with Beacon Mutual since 1931.

Elden J. Marshall, treasurer Beacon Mutual Indemnity, has been elected treasurer also of American Select Risk. He has been with Beacon Mutual since 1937.

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Scholz In New Assignment

Anthony H. Scholz, Hardware Mutuals "bureau" representative for nine years, has assumed a new commercial underwriting special assignment in the eastern district regional office. Mr. Scholz joined Hardware Mutuals as eastern district underwriting manager in 1931 in Newark. He was named home office representative to Mutual Insurance Rating Bureau and the Mutual Insurance Advisory Assn. in 1950, and eastern general underwriting manager the same year. Since 1952 he has devoted full time to representing the group in the mutual bureaus.

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Zurich's Meritmatic automobile plan has been approved in Louisiana.

McDonald Is Raised By General Accident

General Accident has named Charles E. McDonald manager at Houston to succeed Wade H. Pool, retired.

Mr. McDonald joined the company in 1957 as special agent at Houston and in 1960 advanced to assistant branch manager. He has been associated with Mr. Pool in all phases of the branch operation.

Mr. Pool joined General Accident in 1946 as manager at Houston on the opening of the branch there.

Merged Wichita Board Elects Teubner President

Charter members of the newly formed Independent Insurance Agents of Wichita have elected Earl G. Teubner as first president.

The new organization, resulting from a merger of Wichita Assn. of Insurance Agents and Fire & Casualty Agents of Wichita, is now completed with a total of 64 member-agencies under the single board.

Frank Sullivan, Kansas commissioner, told the group "this is an important strengthening of the independent agency system, and should assure that high professional standards will be maintained." Kenneth Ross, Arkansas City, past president of the Kansas and national associations, termed the merger "one of the most constructive happenings in the insurance business in many years."

Elected with Mr. Teubner are Leslie D. Hostetler, vice-president; Henry V. Schott, secretary-treasurer, and nine directors.

Study 2 British Insurers

California Surplus Line Assn. and the California department are seeking additional financial information on two British insurers, British & Overseas and Majestic. Commissioner McConnell states that information on British & Overseas "does not indicate insolvency but does indicate several areas of doubt as to the soundness of its financing," while in the case of Majestic, he comments that it is "far from insolvency, but it appears that a major portion of its business is reinsured in a large number of insurers on the Continent. . ." The department is seeking information on the reinsurance companies.

Lumber Mutual Fire of Boston has promoted Francis L. Drago Jr. to field representative. For two years Mr. Drago has been in casualty underwriting.

National Board's Fowler Replies To AMA's Criticisms

SEATTLE—Members of American Municipal Assn. were told here that no purpose would be served if National Board's grading schedule were changed merely to reduce existing municipal classifications.

The board's grading system has been under fire by some AMA members. In furtherance of its objectives, the association has established a Municipal Fire Defense Institute.

Mr. Fowler said the board is conscious of its resonsibility to keep the grading standards up to date and has been actively engaged over the years in a continuing program for review of the standards and their application to cities throughout the country. Changes however, must be carefully evaluated and thoroughly tested before they can be adopted, and this takes time, he noted.

Mr. Fowler said statements by officals of AMA at various times have implied that one of the purposes of their organization is to obtain reductions in the classification of cities.

"May we call your attention to a fact which said comments overlook—that the grading schedule is a measuring device, like a yardstick. Its purpose is to provide a means of classifying cities on a relative not an absolute basis," he said. "Since the schedule provides a relative grading of the fire defenses and physical conditions of cities and is used in a number of ways, there would be no advantage to anyone if the grading schedule standards were changed for the sole purpose of reducing existing municipal classifications."

Mr. Fowler pointed out that although the classification might be lower, the relative position of each municipality as well as its fire protection, would generally be unchanged. The result would be similar to the effect that any change in a well-recognized unit of measure of value would have on the science or business in which it applies, he contended.

Mr. Fowler said the board regrets to point out that some recent statements made by officers of AMA are at variance with Mr. Healy's statement and the sentiments of other AMA representatives made at the New York meeting.

Referring to an AMA charge that cities are required by board grading standards to expend huge sums of money to retain their fire ratings which are no longer necessary because of technological advancements in fire fighting, Mr. Fowler declared there was not one iota of evidence to substantiate the charge.

New Hine's Directory

The 53rd edition (1961-1962) of Hine's Insurance Counsel has been published. The 575 page volume lists insurance and transportation defense attorneys in the United States and Canada. All listees have been selected on the basis of experience and local reputation.

Free copies for claim or legal officials can be secured from Hine's, P. O. Box 71 (X), Glen Ellyn, Illinois.

Joins American Policyholders

Allan G. Thompson, formerly with Guarantee Mutual of Worcester, has been appointed underwriting manager of the fire division of American Policyholders. Mr. Thompson has also previously been a senior engineer with Mutual Fire Inspection Bureau.

O'Brien Is Raised By Security-Conn.

William O'Brien has been named agency superintendent of Security-Connecticut. He went with the company last November as special agent in New Jersey.

William O'Brien

Mr. O'Brien will be in the eastern department. His appointment is part of a general move to strengthen the sales organization in the east coast area. Before joining Security, Mr. O'Brien had been with General of Seattle in underwriting and sales capacities.

Sioux City Agents Elect

Norman Sloan has been elected president of Independent Insurance Assn. of Sioux City. Other new officers: J. H. Hatfield, vice-president, and Ralph Watson, secretary.